

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2012

NEW ISSUE - Book-Entry Only

Ratings: Moody's: "____"
S&P: "____"
(See "RATINGS" herein)

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law, the Series 2012 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. INTEREST ON THE SERIES 2012 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



\$337,830,000*
CITY OF FORT LAUDERDALE, FLORIDA
Taxable Special Obligation Bonds, Series 2012
(Pension Funding Project)

Dated: Date of Delivery

Due: January 1, as shown on inside cover page

The \$337,830,000* Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project) (the "Series 2012 Bonds") are being issued by the City of Fort Lauderdale, Florida (the "City") under the authority of the Act (as defined herein) and Resolution No. 12-____ adopted by the City Commission of the City (the "City Commission") on September 5, 2012 (the "Resolution"). The Series 2012 Bonds will be issued by the City as fully registered bonds, without coupons, in denominations of \$5,000 and integral multiples thereof and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2012 Bonds. Purchasers will not receive certificates representing their ownership interests in the Series 2012 Bonds purchased. See "THE SERIES 2012 BONDS – Book-Entry Only System" herein. Interest on the Series 2012 Bonds will accrue from their date of delivery and will be payable on January 1, 2013 and semiannually on each July 1 and January 1 thereafter. Regions Bank, Jacksonville, Florida, will serve as the initial Bond Registrar and Paying Agent (the "Paying Agent") for the Series 2012 Bonds. While the Series 2012 Bonds are registered through the DTC book-entry only system, principal of and interest on the Series 2012 Bonds will be payable by the Paying Agent to DTC.

The Series 2012 Bonds are being issued to pay (i) the cost of funding a portion of the current unfunded actuarial accrued liability ("UAAL") of the City's (a) General Employee Retirement System (the "GERS") and (b) Police and Firefighters' Retirement System (the "PFRS"), including a partial repayment to the City of its contribution to the PFRS to prefund the City's required UAAL portion of its contribution to the PFRS for Fiscal Year 2013; and (ii) certain costs of issuance of the Series 2012 Bonds. See "PURPOSES OF THE SERIES 2012 BONDS" herein.

The Series 2012 Bonds are payable from and secured by a lien on and pledge of revenues derived by the City from all securities, instruments and moneys, including investment income, held in the funds and accounts created under the Resolution, including specifically, the Designated Revenues and any Non-Ad Valorem Revenues budgeted and appropriated by the City on an annual basis and deposited into the funds and accounts specified under the Resolution, except amounts deposited into the Rebate Fund in connection with the issuance of Tax-Exempt Bonds (as such terms are hereinafter defined) (collectively, the "Pledged Funds"). Notwithstanding the foregoing, amounts on deposit in or to the credit of a Reserve Account within the Reserve Fund established under the Resolution shall constitute Pledged Funds for, and secure only, the particular Series of Bonds for which such Reserve Account is established (as such terms are defined herein). **No deposit to the Reserve Fund shall be made in connection with the issuance of the Series 2012 Bonds and no Reserve Account shall be established under the Resolution for the Series 2012 Bonds. The Series 2012 Bonds shall not be secured by, or entitled to any benefit from, amounts held in the Reserve Fund or any Reserve Account created therein for the benefit of other Bonds issued under the Resolution.** See "SECURITY FOR THE SERIES 2012 BONDS" herein.

In addition to the Series 2012 Bonds, the City has other indebtedness outstanding for the payment of which the City has previously covenanted to budget and appropriate legally available non-ad valorem funds. See "PLEGGED FUNDS – Obligations Payable From Non-Ad Valorem Revenues" herein. The City also may enter into future

obligations which are required to be paid from all or any portion of the Designated Revenues or the Non-Ad Valorem Revenues; provided, however, that such future obligations may only pledge any of the Designated Revenues on a parity with the Series 2012 Bonds if such obligations comply with the requirements for the issuance of Additional Bonds under the Resolution.

The availability of Non-Ad Valorem Revenues to become Pledged Funds may be effectively limited by the City's obligation to adopt a balanced budget, funding requirements for essential governmental services of the City and other limitations on the collection, appropriation or use of such revenues. In addition, the Resolution provides that the City's covenant to budget and appropriate Non-Ad Valorem Revenues as needed to satisfy the requirements of the Resolution shall terminate and be null and void after Designated Revenues, in each of three (3) consecutive Fiscal Years, equal or exceed one hundred seventy-five percent (175%) of the Maximum Principal and Interest Requirement on all Bonds Outstanding. See "SECURITY AND SOURCES OF PAYMENT" and "PLEGGED FUNDS" herein.

The Series 2012 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.

THE CITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE SERIES 2012 BONDS SOLELY FROM THE PLEDGED FUNDS, AS DESCRIBED IN THE RESOLUTION. THE SERIES 2012 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE FAITH AND CREDIT OF THE CITY, BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2012 BONDS. THE ISSUANCE OF THE SERIES 2012 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY, BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY TAXES WHATEVER THEREFOR, OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2012 BONDS, EXCEPT AS PROVIDED IN THE RESOLUTION.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2012 Bonds are offered when, as and if issued by the City, subject to the approval of their legality by Squire Sanders (US) LLP, Miami, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Harry A. Stewart, Esquire, City Attorney, and certain legal matters relating to disclosure will be passed upon for the City by the Law Offices of Steve E. Bullock, P.A., Miramar, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Greenspoon Marder, P.A., Fort Lauderdale, Florida, as Counsel to the Underwriters. First Southwest Company, Aventura, Florida, is acting as Financial Advisor to the City. It is expected that settlement on the Series 2012 Bonds will occur through the facilities of DTC in New York, New York on or about October __, 2012.

Citigroup

J.P. Morgan

BofA Merrill Lynch

Morgan Stanley

[INSERT DAC LOGO]

Dated: September __, 2012

* Preliminary, subject to change.

Red herring: This Preliminary Official Statement and the information contained herein are subject to amendment and completion without notice. The Series 2012 Bonds may not be sold and offers to buy may not be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES, YIELDS AND INITIAL CUSIP NUMBERS*†**

\$ **Serial Series 2012 Bonds**

Due (January 1)	Principal Amount	Interest Rate	Price	Yield	Initial CUSIP Number
2013	\$16,555,000	%	%	%	
2014	14,745,000				
2015	14,965,000				
2016	15,225,000				
2017	15,540,000				
2018	15,910,000				
2019	16,470,000				
2020	17,375,000				
2021	19,280,000				
2022	19,960,000				
2023	21,705,000				
2024	19,445,000				
2025	17,500,000				
2026	16,570,000				
2027	16,695,000				
2028	17,385,000				
2029	20,300,000				
2030	15,205,000				
2031	13,100,000				
2032	13,900,000				

\$ _____ % Term Series 2012 Bonds Due _____ – Price: _____ % / Yield: _____ %
Initial CUSIP Number: _____

* Preliminary, subject to change.

† The City is not responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Numbers are included solely for the convenience of the readers of this Official Statement.

CITY OF FORT LAUDERDALE, FLORIDA

OFFICIALS

John P. "Jack" Seiler, Mayor
Charlotte E. Rodstrom, Vice Mayor, Commissioner, District II
Bruce G. Roberts, Commissioner, District I
Bobby B. DuBose, Commissioner, District III
Romney Rogers, Commissioner, District IV

ADMINISTRATION

Lee R. Feldman, ICMA-CM, City Manager
Harry A. Stewart, Esquire, City Attorney
John C. Herbst, C.P.A., CGFO, City Auditor
Jonda K. Joseph, City Clerk
Douglas R. Wood, CGFM, Director of Finance
Kirk W. Buffington, CPPO, C.P.M., Deputy Director of Finance
Linda Logan-Short, Controller
Lynda C. Flynn, CGFO, Treasurer

BOND COUNSEL

Squire Sanders (US) LLP
Miami, Florida

DISCLOSURE COUNSEL

Law Offices of Steve E. Bullock, P.A.
Miramar, Florida

FINANCIAL ADVISOR

First Southwest Company
Aventura, Florida

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. Any statements in this Official Statement involving estimates, assumptions and opinions, whether or not so expressly stated, are intended as such and are not to be construed as representations of fact, and the Underwriters and the City expressly make no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, as neither the delivery of this Official Statement, nor any sale hereunder, shall, under any circumstances, create any implication that there has been no adverse change in the affairs of the City or with respect to the City or its defined benefit pension plans since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. *The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.*

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. The offering of the Series 2012 Bonds is made only by means of this entire Official Statement.

Certain statements included or incorporated by reference in this Official Statement, including the Appendices, constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2012 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE EXEMPTION OF THE SERIES 2012 BONDS FROM REGISTRATION OR QUALIFICATION IN CERTAIN STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT

OR APPROVED OR RECOMMENDED THE SERIES 2012 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2012 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITERS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2012 BONDS.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE CITY FOR PURPOSES OF RULE 15c2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN FINANCIAL INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(B)(1).

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OFFICIAL STATEMENT
relating to

\$337,830,000*
CITY OF FORT LAUDERDALE, FLORIDA
Taxable Special Obligation Bonds, Series 2012
(Pension Funding Project)

INTRODUCTION

The purpose of this Official Statement, including the cover page and all appendices, is to furnish certain information relating to the City of Fort Lauderdale, Florida (the "City"), its General Employees Retirement System (the "GERS") and Police and Firefighters' Retirement System (the "PFRS"), the sale by the City of its \$337,830,000* in aggregate principal amount of Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project) (the "Series 2012 Bonds") and the Pledged Funds (as hereinafter defined) which shall serve as the security and source of payment for the Series 2012 Bonds. The Series 2012 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended, Chapter 159, Part VII, Florida Statutes, as amended, and the Charter of the City (collectively, the "Act") and Resolution No. 12-___ adopted by the City Commission of the City (the "City Commission") on September 5, 2012 (the "Resolution"). For a complete description of the terms and conditions of the Series 2012 Bonds and the provisions of the Resolution, see "APPENDIX D – The Resolution."

The Series 2012 Bonds and any Additional Bonds and Refunding Bonds issued under the provisions of the Resolution are hereinafter referred to collectively as the "Bonds." Certain other capitalized terms used but not defined in this Official Statement shall have the meaning ascribed to such terms in the Resolution. In addition, capitalized terms used but not defined in this Official Statement relating to the employee retirement plans of the City shall have the meaning provided for such terms in Appendix B to this Official Statement. See "APPENDIX B – Employee Retirement Plans of the City" and, in particular, "DEFINITIONS" therein. The GERS and the PFRS are sometimes hereinafter referred to collectively as the "Pension Plans." Such defined term shall refer only to the GERS and the PFRS and shall not include or be considered a reference to any of the City's other retirement plans, each of which constitutes a single employer defined contribution plan administered by the City. See "APPENDIX B – Employee Retirement Plans of the City" and, in particular, "DEFINED CONTRIBUTION PENSION PLANS" therein.

The Series 2012 Bonds will be issued in book-entry only form and purchasers of the Series 2012 Bonds will not receive certificates representing their interest in the Series 2012 Bonds purchased. The Series 2012 Bonds will contain such other terms and provisions, including provisions regarding redemption, as described in "THE SERIES 2012 BONDS" herein.

The Series 2012 Bonds are payable from and secured by a lien on and pledge of revenues derived by the City from all securities, instruments and moneys, including investment income, held in the funds and accounts created under the Resolution, including specifically, the Designated Revenues and any Non-Ad Valorem Revenues budgeted and appropriated by the City on an annual basis and deposited into such funds and accounts, except amounts deposited into the Rebate Fund in connection with the issuance of Tax-Exempt

* Preliminary, subject to change.

Bonds (collectively, the "Pledged Funds"). Notwithstanding the foregoing, amounts on deposit in or to the credit of a Reserve Account within the Reserve Fund established under the Resolution shall constitute Pledged Funds for, and secure only, the particular Series of Bonds for which such Reserve Account is established. **No deposit to the Reserve Fund shall be made in connection with the issuance of the Series 2012 Bonds and no Reserve Account shall be established under the Resolution for the Series 2012 Bonds. The Series 2012 Bonds shall not be secured by, or entitled to any benefit from, amounts held in the Reserve Fund or any Reserve Account created therein for the benefit of other Bonds issued under the Resolution.** See "SECURITY FOR THE SERIES 2012 BONDS" herein.

In addition to the Series 2012 Bonds, the City has other indebtedness outstanding for the payment of which the City has previously covenanted to budget and appropriate legally available non-ad valorem funds. See "PLEDGED FUNDS – Obligations Payable From Non-Ad Valorem Revenues" herein. The City also may enter into future obligations which are required to be paid from all or any portion of the Designated Revenues or the Non-Ad Valorem Revenues; provided, however, that such future obligations may only pledge any of the Designated Revenues on a parity with the Series 2012 Bonds if such obligations comply with the requirements for the issuance of Additional Bonds under the Resolution.

The availability of Non-Ad Valorem Revenues to become Pledged Funds may be effectively limited by the City's obligation to adopt a balanced budget, funding requirements for essential governmental services of the City and other limitations on the collection, appropriation or use of the non-ad valorem funds of the City. In addition, the Resolution provides that the City's covenant to budget and appropriate Non-Ad Valorem Revenues as needed to satisfy the requirements of the Resolution shall terminate and be null and void after Designated Revenues, in each of three (3) consecutive Fiscal Years, equal or exceed one hundred seventy-five percent (175%) of the Maximum Principal and Interest Requirement on all Bonds Outstanding. See "SECURITY AND SOURCES OF PAYMENT" and "PLEDGED FUNDS" herein.

The Series 2012 Bonds do not constitute an indebtedness of the City, Broward County, Florida, the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation. The faith and credit of the City, Broward County, Florida, the State of Florida or any political subdivision thereof is not pledged to pay the Series 2012 Bonds. The issuance of the Series 2012 Bonds does not directly or contingently obligate the City, Broward County, Florida, the State of Florida or any political subdivision thereof to levy or pledge any taxes whatever therefor or to make any appropriation for their payment, except for the City's obligation to pay the Series 2012 Bonds from the Pledged Funds in the manner and to the extent provided in the Resolution. See "SECURITY FOR THE SERIES 2012 BONDS" herein.

This introduction is intended to serve as a brief description of this Official Statement and is expressly qualified by reference to this Official Statement as a whole. A full review should be made of this entire Official Statement, including the cover page and all appendices, as well as the documents and reports summarized or described herein. The description of the Series 2012 Bonds, the documents authorizing and securing the same, including, without limitation, the Resolution, and the information from various reports contained herein are not comprehensive or definitive. All references herein to such documents and reports are qualified by the entire, actual content of such documents and reports. Copies of such documents and reports may be obtained from the City's Department of Finance.

DESCRIPTION OF THE SERIES 2012 BONDS

General

The Series 2012 Bonds shall be dated the date of their delivery and shall bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2012 Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2013. Interest on the Series 2012 Bonds shall be calculated on the basis of a 360 day year consisting of twelve 30-day months. Regions Bank, Jacksonville, Florida will serve as the initial Paying Agent (the "Paying Agent") and Bond Registrar (the "Bond Registrar") for the Series 2012 Bonds.

The Series 2012 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2012 Bonds will be made in book-entry only form, without certificates. So long as the Series 2012 Bonds shall be in book-entry only form, the principal of and interest on the Series 2012 Bonds will be payable to Cede & Co., as registered owner thereof, and will be distributed by DTC and the Participants to the Beneficial Owners (as such terms are defined herein). See "DESCRIPTION OF THE SERIES 2012 BONDS - Book-Entry Only System" herein.

Redemption

Optional Redemption. The Series 2012 Bonds maturing on or after January 1, 20__ are subject to redemption at the option of the City prior to their respective dates of maturity on or after January 1, 20__, in whole or in part at any time, and if in part, in accordance with the procedures described in this section below under "Partial Redemption," at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2012 Bonds or portion of the Series 2012 Bonds to be redeemed, together with accrued interest from the most recent interest payment date as of which interest has been paid to the date fixed for redemption.

Make-Whole Optional Redemption. The Series 2012 Bonds are subject to redemption prior to their maturity dates at the option of the City, in whole or in part, on any date prior to January 1, 20__, and if in part, in accordance with the procedures described in this section below under "Partial Redemption," at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the Series 2012 Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2012 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2012 Bonds are to be redeemed, discounted to the date on which the Series 2012 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus __ basis points,

plus, in each case, accrued interest on the Series 2012 Bonds to be redeemed from the most recent interest payment date as of which interest has been paid to the date fixed for redemption.

"Treasury Rate" shall mean, as of any redemption date for a particular Series 2012 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) Business Days, but not more than forty-five (45) calendar days, prior to the

redemption date (excluding inflation indexed securities) or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2012 Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Sinking Fund Redemption. The Series 2012 Bonds maturing on January 1, 20__ are subject to mandatory sinking fund redemption in part prior to maturity by lot through the application of Amortization Requirements, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, on January 1 of each year in the following amounts and years specified:

<u>Due</u>	<u>Amortization Requirement</u>
*	\$

* Final Maturity.

Partial Redemption. If less than all of the Series 2012 Bonds are to be redeemed, the Bond Registrar, upon written instructions from the City, shall select the Series 2012 Bonds for redemption from such maturity dates and in such amounts as are selected by the City, and, so long as the Series 2012 Bonds constitute Book-Entry Bonds held by DTC, shall select such Series 2012 Bonds within such selected maturities on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures; provided that so long as such Series 2012 Bonds are held under the Book-Entry System, the selection for redemption of such Series 2012 Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis, such Series 2012 Bonds shall be selected for redemption within each such maturity in such manner as the Bond Registrar shall determine and in accordance with DTC procedures. In any event, the portion of the Series 2012 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple in excess thereof.

With regard to the foregoing, it is the City's intent that redemption allocations made by DTC, its Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made pro rata. However, the City can provide no assurance that DTC, its Participants or any other intermediaries will allocate redemptions of Series 2012 Bonds on a pro rata basis.

If the Series 2012 Bonds are no longer held under a Book-Entry System and less than all of the Series 2012 Bonds are to be redeemed, the Holder of Series 2012 Bonds to be redeemed, or such Holder's attorney or legal representative, shall present and surrender such Series 2012 Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount. Upon such presentation and surrender, the City shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Holder or such Holder's legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Series 2012 Bond so surrendered, a new Series 2012 Bond of the same maturity and bearing interest at the same rate.

Notice of Redemption

Mailing of Notice of Redemption. At least thirty (30) days, but not more than sixty (60) days, before the redemption date of any Series 2012 Bonds, whether such redemption be in whole or in part, the City shall cause a notice of such redemption, signed by the Finance Director to be mailed, first class postage prepaid, to all Holders owning Series 2012 Bonds to be redeemed in whole or in part and to any Fiduciaries, at their addresses as they appear on the registration books maintained by the Bond Registrar but any defect in such notice or failure to mail such notice to any Holder of any Series 2012 Bonds shall not affect the validity of the proceedings for the redemption of any other Series 2012 Bonds. Each such notice shall set forth the name of the Series 2012 Bonds or portions thereof to be redeemed, the date fixed for redemption, the redemption price to be paid, the Series, and if less than all the Series 2012 Bonds shall be called for redemption, the maturities of the Series 2012 Bonds to be redeemed, the CUSIP numbers, the name and address (including contact person and phone number) of the Fiduciary to which Series 2012 Bonds called for redemption are to be delivered and, if less than all of the Series 2012 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Series 2012 Bonds to be redeemed and, in the case of Series 2012 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2012 Bond is to be redeemed in part only, the notice of redemption shall also state that on or after the redemption date, upon surrender of such Series 2012 Bond, a new Series 2012 Bond in principal amount equal to the unredeemed portion of such Series 2012 Bond, and of the same Series and maturity and bearing the same interest rate, will be issued. Any notice as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of the Series 2012 Bond receives such notice.

In the case of an optional redemption, any notice of redemption may state that (i) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Registrar, Paying Agent or a Fiduciary acting as escrow agent no later than the redemption date or (ii) the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Finance Director delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2012 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the City to make such funds available shall constitute an event of default under the Resolution. The Bond Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2012 Bonds called for redemption and not so paid remain Outstanding.

Effect of Redemption. On the date fixed for redemption, notice having been mailed in the manner and under the conditions described above, provided that such notice of redemption has not been rescinded as described above, the Series 2012 Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such redemption date. If on the date fixed for redemption money or Defeasance Obligations, or a combination of both, sufficient to pay the redemption price of the Series 2012 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by a Depositary in trust for the Holders of Series 2012 Bonds to be redeemed, interest on the Series 2012 Bonds called for redemption shall cease to accrue after the date fixed for redemption. Such Series 2012 Bonds shall cease to be entitled to any benefits or security under the Resolution or to be deemed Outstanding and the Holders of such Series 2012 Bonds shall have no rights in respect thereof except to receive payment

of the redemption price thereof, plus accrued interest to the date of redemption, provided the notice of redemption for such Series 2012 Bonds has not been rescinded, as described above.

If a portion of an Outstanding Series 2012 Bond shall be selected for redemption, the Holder thereof, or such Holder's attorney or legal representative, shall present and surrender such Series 2012 Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption. The City shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or such owner's legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Series 2012 Bond so surrendered, a Series 2012 Bond of the same maturity and bearing interest at the same rate.

As long as a book-entry system is used for determining beneficial ownership of Series 2012 Bonds, notice of redemption will be sent to DTC. DTC will be responsible for notifying the DTC Participants, which will in turn be responsible for notifying the Beneficial Owners. Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner of any such notice, will not affect the validity of the redemption of the Series 2012 Bonds.

Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION.

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., as DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012 Bond certificate will be issued for each maturity of the Series 2012 Bonds, each in the aggregate principal amount of such maturity, as set forth on the inside cover page of this Official Statement, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with Direct Participants, "DTC Participants"). DTC has Standard & Poor's rating of AA+. The

DTC rules applicable to the DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, will not effect any change in beneficial ownership of the Series 2012 Bonds. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by DTC Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, defaults and proposed amendments to the documents securing the Series 2012 Bonds. For example, Beneficial Owners of the Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices are provided directly to them.

Redemption notices shall be sent by the Bond Registrar to DTC. If less than all of the Series 2012 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2012 Bonds will be made to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and

customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of DTC Participants.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Series 2012 Bonds. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates representing the Series 2012 Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates representing the Series 2012 Bonds will be printed and delivered. See "DESCRIPTION OF THE SERIES 2012 BONDS - Discontinuance of Securities Depository" herein.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER OF THE SERIES 2012 BONDS, THE CITY AND THE PAYING AGENT SHALL TREAT CEDE & CO. AS THE ONLY OWNER OF THE SERIES 2012 BONDS FOR ALL PURPOSES UNDER THE RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND INTEREST ON THE SERIES 2012 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE CITY AND THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION. THE CITY AND THE PAYING AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2012 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS THE REGISTERED OWNER OF THE SERIES 2012 BONDS.

Discontinuance of Securities Depository

DTC may determine to discontinue its services as securities depository for the Series 2012 Bonds at any time by giving written notice to the City and the Bond Registrar and discharging its responsibilities with respect thereto under applicable law. In addition, the City, in its sole discretion and without the consent of any other person, may terminate the services of DTC or any successor securities depository for the Series 2012 Bonds if the City determines that the continuation of the system of book-entry-only transfers through such securities depository is not in the best interests of the Beneficial Owners of the Series 2012 Bonds or is burdensome to the City. Also, the City shall terminate the services of DTC or any successor securities depository for the Series 2012 Bonds upon receipt by the City and the Bond Registrar of written notice from the securities depository to the effect that (i) the depository is unable to discharge its responsibilities with respect to the Series 2012 Bonds; or (ii) a continuation of the requirement that the Series 2012 Bonds be registered in the registration books kept by the Bond Registrar in the name of the securities depository's nominee is not in the best interest of the Beneficial Owners of the Series 2012 Bonds.

In the event that the book-entry only system of registration for the Series 2012 Bonds is discontinued, the following provisions will apply:

Principal and Interest Payments. The principal of the Series 2012 Bonds shall be payable at the designated corporate trust office of the Bond Registrar upon the presentation and surrender of such Series 2012 Bonds as the same shall become due and payable. Interest on the Series 2012 Bonds is payable on any Interest Payment Date by check or draft mailed to the person in whose name such Series 2012 Bonds (or one or more Predecessor Bonds) is registered at the close of business on the Record Date for such Interest Payment Date; provided, however, that the Holder of Series 2012 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Holder to the bank account number on file with the Paying Agent, upon written request to the Paying Agent received prior to the Record Date preceding any Interest Payment Date. Such written request shall specify the bank (which shall be a bank within the continental United States) and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed by written notice to the Paying Agent received prior to the Record Date preceding any Interest Payment Date.

Registration, Transfer and Exchange. The Bond Registrar shall keep books for the registration, exchange and registration of transfer of Series 2012 Bonds as provided in the Resolution. The Bond Registrar shall evidence acceptance of the duties, obligations and responsibilities of Bond Registrar by execution of the certificate of authentication on the Series 2012 Bonds. The transfer of any Series 2012 Bond may be registered only upon the books kept for the registration of transfer of Series 2012 Bonds upon surrender of such Series 2012 Bond to the Bond Registrar, together with an assignment duly executed by the Holder or such Holder's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. The City shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Series 2012 Bond a new registered Series 2012 Bond or Series 2012 Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Resolution, in the aggregate principal amount equal to the principal amount of such Series 2012 Bond surrendered, of the same maturity and bearing interest at the same rate.

All Series 2012 Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. No service charge shall be made for any registration of transfer or exchange of Series 2012 Bonds, but the City and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Series 2012 Bonds. The Bond Registrar shall not be required (i) to register the transfer of or to exchange Series 2012 Bonds during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Series 2012 Bonds and ending at the close of business on the day of such mailing or (ii) to register the transfer of or to exchange any Series 2012 Bond so selected for redemption in whole or in part.

The City, the Paying Agent, the Bond Registrar and any other agent of the City may treat the person in whose name any Series 2012 Bond is registered on the books of the City kept by the Bond Registrar as the Holder of such Series 2012 Bond for the purpose of receiving payment of principal of and interest on such Series 2012 Bond, and for all other purposes whatsoever, whether such Series 2012 Bond be overdue and, to the extent permitted by law, neither the City, the Paying Agent, the Bond Registrar nor any such agent shall be affected by any notice to the contrary.

Mutilated, Destroyed, Stolen or Lost Bonds. In case any Series 2012 Bond shall become mutilated or be destroyed, stolen or lost, the City shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Series 2012 Bond of like date and tenor in exchange and substitution for such mutilated

Series 2012 Bond, or in lieu of and in substitution for such Series 2012 Bond destroyed, stolen or lost. The Holder shall pay the reasonable expenses and charges of the City and the Bond Registrar in connection therewith. In the case of a Series 2012 Bond destroyed, stolen or lost, the Holder shall file with the Bond Registrar evidence satisfactory to it and to the City that such Series 2012 Bond was (i) destroyed, stolen or lost and (ii) owned by such Holder, and shall furnish the City and the Bond Registrar indemnity satisfactory to them.

PURPOSE OF THE ISSUE

General

The Series 2012 Bonds are being issued for the purpose of providing funds to pay (i) the cost of funding a portion of the current unfunded actuarial accrued liability (“UAAL”) of the Pension Plans, including a partial repayment to the City of its contribution to the PFRS to prefund the City’s UAAL portion of its Annual Required Contribution to the PFRS for Fiscal Year 2013 (collectively, the “Project”); and (ii) certain costs of issuance of the Series 2012 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Project

The annual contribution the City must make to satisfy the requirements of the Pension Plans is comprised of two components, the Normal Cost and the UAAL. Pension fund obligations can increase for employers for various reasons, including, without limitation, changes in accrued benefits of the retirement plan, changes in pay levels of employees, changes in the demographics of the employee base, changes in Assumptions affecting Annual Pension Costs and differences in the actual versus the projected rate of return on the investments of the retirement plan. The City has experienced such changes in one or both of the Pension Plans during the past several years. As a result, the City’s Annual Required Contribution to each of the Pension Plans has increased each year since 2008. Such increases have been significant and, based on current actuarial calculations and estimates, are expected to continue for several years. The Pension Plans currently have an actuarial UAAL of \$399.8 million and a market value UAAL of \$502.7 million.

Set forth below is a table to reflect the current UAAL of the Pension Plans. For more detailed information and data concerning the UAAL, the City’s Annual Pension Cost and circumstance affecting such Annual Pension Cost, see “APPENDIX B – Employee Retirement Plans of the City.”

Pension Plan Current UAAL

<u>Pension Plan</u>	<u>Actuarial UAAL</u>	<u>Actuarial Funded Ratio</u>	<u>Market Value UAAL</u>	<u>Market Value Funded Ratio</u>
GERS ⁽¹⁾	\$181,027,990	66.3%	\$231,382,937	56.9%
PFRS ⁽²⁾	<u>218,794,060</u>	<u>69.8</u>	<u>271,325,814</u>	<u>62.5</u>
Total	\$399,822,050	68.3%	\$502,708,751	60.1%

Source: City of Fort Lauderdale, Florida Department of Finance.

(1) As of September 30, 2011.

(2) As of December 31, 2011.

The Project constitutes the funding of 75% of the actuarial UAAL described above and a repayment to the City of 75% of the UAAL portion of the amount contributed by the City to prefund its projected Annual Required Contribution to the PFRS for Fiscal Year 2013, plus 1.4% interest on such prefunded UAAL amount. Proceeds of the Series 2012 Bonds in the amount needed to satisfy 75% of the current actuarial UAAL and the prefunded UAAL for the PFRS will be deposited into the GERS and the PFRS, respectively. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The City expects that debt service to be paid on the Series 2012 Bonds will be less than the rate of return on the investments in the GERS and the PFRS to be made from proceeds of the Series 2012 Bonds and other assets held in the GERS and the PFRS, respectively, thereby providing an immediate and long-term economic benefit to the City.

By its terms, the liability to fund the GERS requires assets of the fund to be amortized at a rate of 7.75% per annum and for the PFRS at a rate of 7.50% per annum (which was reduced from 7.75% beginning January 1, 2012). However, for several years, the rate of return on the investments in each of the Pension Plans has been less than the rate at which its assets are assumed to amortize. For detailed information on the investment returns experienced by the Pension Plans and the actual rate of return on investments of the Pension Plans, see "APPENDIX B – Employee Retirement Plans of the City." The difference between the Market Value of Assets and the Actuarial Value of Assets for the Pension Plans as of fiscal year 2011 was \$102.9 million.

The difference in investment return versus the assumed amortization rate for the assets of the Pension Plans has contributed to the significant increase in the UAAL. Even if investment rates improve so that the assets of the Pension Plans are earning a rate of return comparable to the assumed amortization rate, the result of Smoothing of the lower returns on investment experienced in recent years will continue to increase the UAAL of the Pension Plans. Eliminating 75% of the actuarial UAAL upon the issuance of the Series 2012 Bonds is expected to reduce the negative impact that has resulted from the lower investment return versus amortization rate for the Pension Plans. Upon issuance of the Series 2012 Bonds, the actuarial UAAL of the Pension Plans will be reduced from approximately \$400 million to slightly less than \$100 million and the market value UAAL of the Pension Plans will be reduced from approximately \$503 million to slightly less than \$203 million. The estimated reduction in the UAAL of the Pension Plans following issuance of the Series 2012 Bonds is as follows:

**Pension Plan UAAL After
Issuance of Series 2012 Bonds**

<u>Pension Plan</u>	<u>Actuarial UAAL</u>	<u>Actuarial Funded Ratio</u>	<u>Market Value UAAL</u>	<u>Market Value Funded Ratio</u>
GERS	\$45,256,998	91.6%	\$ 95,611,944	82.2%
PFRS	<u>54,698,515</u>	<u>92.4</u>	107,230,269	<u>85.2</u>
Total	\$99,955,513	92.1%	\$202,842,213	83.9%

Source: City of Fort Lauderdale, Florida Department of Finance.

Among the measures the City has taken to avoid a re-creation of the amount of UAAL existing prior to issuance of the Series 2012 Bonds, the City has agreed in the Resolution to limit increases in benefits of the Pension Plans to those increases which are fully funded at the time the increase in benefits is to be provided. In addition, any increase in benefits of the Pension Plans above the level of benefits in existence on October 1, 2012 is required to be approved by a super majority vote of the City Commission.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2012 Bonds:

Sources of Funds

Principal Amount	\$
Original Issue Premium/Discount	_____
 Total Estimated Sources of Funds	 \$ =====

Uses of Funds

Deposit to Fund 75% of Actuarial UAAL for GERS	\$
Deposit to Fund 75% of Actuarial UAAL for PFRS	
Repayment to City ⁽¹⁾	
Deposit to Expense Account ⁽²⁾	
Underwriters' Discount	_____
 Total Estimated Uses of Funds	 \$ =====

-
- (1) Represents repayment to the City of 75% of the UAAL portion of the advance amount contributed by the City to prefund its projected Annual Required Contribution to the PFRS for Fiscal Year 2013.
 - (2) To pay certain costs of issuance of the Series 2012 Bonds, including, without limitation, printing costs, fees of rating agencies, bond counsel fees, disclosure counsel fees and fees of the financial advisor.

SECURITY AND SOURCES OF PAYMENT

Pledged Funds

Payment of the principal of and interest on the Series 2012 Bonds is secured equally and ratably by a lien on and pledge of the Pledged Funds. Pledged Funds shall consist of (i) the Designated Revenues, (ii) any Non-Ad Valorem Revenues actually deposited into the Principal and Interest Account of the Debt Service Fund to cure a Debt Service Funding Deficiency (as such term is hereinafter defined), and (iii) all investment income in the funds and accounts established under the Resolution, except for the Rebate Fund; provided, however, that amounts on deposit in or to the credit of a Reserve Account within the Reserve Fund shall constitute Pledged Funds for, and secure, only the particular Series of Bonds for which such Reserve Account is established. **Notwithstanding anything herein to the contrary, Non-Ad Valorem Revenues shall only become Pledged Funds if (i) Designated Revenues are determined to be insufficient to meet the Principal and Interest Requirements coming due and payable during any Fiscal Year; (ii) the City's covenant to budget and appropriate Non-Ad Valorem Revenues to pay principal of and interest on Bonds has not been released pursuant to the terms of the Resolution; and (iii) the City actually budgets, appropriates and deposits Non-Ad Valorem Revenues into the Principal and Interest Account of the Debt Service Fund to cure a Debt Service Funding Deficiency. See "SECURITY AND SOURCES OF PAYMENT – Flow of Funds" herein.**

For the Series 2012 Bonds, Designated Revenues shall consist of (a) the Communications Services Tax Revenues, (b) the Public Service Tax Revenues, (c) the Guaranteed Entitlement Revenues and (d) the Business Tax Revenues. Any fees, commissions, charges or taxes established pursuant to the laws of the

State or ordinances of the City which replace any of the items mentioned in clause (a), (b), (c) or (d) shall be included in the definition of Designated Revenues, unless expressly prohibited by law. For any Series of Bonds issued after the Series 2012 Bonds, Designated Revenues may also include such additional revenue sources as may be designated by a Series Resolution for the issuance of such Bonds as Designated Revenues, including any fees, commissions, charges or taxes established pursuant to the laws of the State or ordinances of the City which replace the revenue source designated by a Series Resolution as Designated Revenues.

Designated Revenues. The four sources of revenues which constitute the Designated Revenues for the Series 2012 Bonds are defined as follows:

(1) “Communications Services Tax Revenues” shall mean revenues received by the City from the levy of the communications services tax imposed under Chapter 202, Florida Statutes, as amended, and pursuant to City Code, Chapter 15, Article III, Division 4, Section 15-126 *et seq.*;

(2) “Public Service Tax Revenues” shall mean revenues received by the City from the levy of public service taxes on the purchase of electricity, gas and water within the City authorized under Section 166.231, Florida Statutes, as amended, and imposed by City Code, Chapter 15, Article III, Division 4, Section 15-128 *et seq.*;

(3) “Guaranteed Entitlement Revenues” shall mean the guaranteed entitlement portion of state revenue sharing revenues received by the City pursuant to Chapter 218, Part II, Florida Statutes, as amended, excluding any moneys in such guaranteed entitlement portion that are attributable to the tax on motor fuel pursuant to the provisions of Section 206.605 Florida Statutes, as amended; and

(4) “Business Tax Revenues” shall mean revenues received by the City from the levy of taxes on businesses for the privilege of engaging in or managing any business, profession or occupation within the City’s jurisdiction. Such tax is imposed on businesses within the City under Chapter 205, Florida Statutes, as amended, and pursuant to City Code, Chapter 15, Article II, Section 15-26 *et seq.*

For a more detailed description of such sources of Designated Revenues, see “PLEDGED FUNDS – Sources of Designated Revenues” herein.

The City covenants in the Resolution that while any Bonds remain Outstanding, it will not take any action or fail to take any action which might result in a suspension or termination of the receipt of all or any portion of the Designated Revenues. The City further covenants in the Resolution that it will take all appropriate action to keep and maintain each component of the Designated Revenues at the highest possible level permitted by law, to pay the Principal and Interest Requirements on the Bonds and that, subject to liens created for the benefit of any Insurer or Credit Bank providing credit or liquidity support to enhance the value or security of any Bonds, the City will not create or permit to be created any charge or lien on the proceeds of the Designated Revenues ranking equally with or prior to the charge or lien on the proceeds of the Designated Revenues securing the Bonds.

Non-Ad Valorem Revenues. Included as Pledged Funds are any Non-Ad Valorem Revenues. “Non-Ad Valorem Revenues” shall mean all revenues of the City derived from any source whatsoever, other than ad valorem taxation on real or personal property, which are legally available to be budgeted, appropriated and deposited by the City into the Principal and Interest Account of the Debt Service Fund pursuant to the provisions of the Resolution to cure a Debt Service Funding Deficiency. Under the terms of the Resolution, any revenue source included in the definition of Designated Revenues is not included in the definition of Non-Ad Valorem Revenues. See “APPENDIX D – The Resolution.”

(A) The City covenants and agrees in the Resolution, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment if necessary, and to deposit to the credit of the Principal and Interest Account of the Debt Service Fund Non-Ad Valorem Revenues in an amount which is equal to the Debt Service Funding Deficiency, if any, for the applicable Fiscal Year. Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until Non-Ad Valorem Revenues in amounts sufficient to make all required payments under the Resolution as and when due, including any delinquent deposits, shall have been budgeted, appropriated and actually paid into the Principal and Interest Account of the Debt Service Fund; provided, however, that such covenant shall not constitute a lien, either legal or equitable, on any of the Non-Ad Valorem Revenues or other revenues of the City, nor shall it preclude the City from pledging in the future any of its Non-Ad Valorem Revenues or other revenues to other obligations, nor shall it give the Bondholders a prior claim on the Non-Ad Valorem Revenues.

(B) Anything to the contrary notwithstanding, all obligations of the City under the Resolution to cure a Debt Service Funding Deficiency from Non-Ad Valorem Revenues shall only extend to Non-Ad Valorem Revenues actually budgeted and appropriated and deposited into the Principal and Interest Account of the Debt Service Fund, as provided in the Resolution. The City may not expend moneys not appropriated or in excess of its current budgeted revenues. The obligation of the City to budget, appropriate and make payments in respect of the covenant described herein from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City.

(C) If, during the preparation of the Annual Budget for a given Fiscal Year, it is projected that the Pledged Funds (without taking into consideration Non-Ad Valorem Revenues already actually budgeted and appropriated and deposited into the Principal and Interest Account of the Debt Service Fund for the Fiscal Year in question) will be insufficient to pay the Principal and Interest Requirements due and payable on an Interest Payment Date in such Fiscal Year (a "Debt Service Funding Deficiency"), then, as part of the preparation and approval of the Annual Budget for such Fiscal Year, the City shall budget and appropriate, pursuant and subject to the provisions described in subparagraphs (A) and (B) above, an amount of Non-Ad Valorem Revenues sufficient to cure such Debt Service Funding Deficiency. The Non-Ad Valorem Revenues so budgeted and appropriated shall be deposited in the Principal and Interest Account of the Debt Service Fund not later than five (5) Business Days before each Interest Payment Date in such Fiscal Year.

(D) Not later than sixty (60) days prior to each Interest Payment Date, the City shall review the amount of Pledged Funds (without taking into consideration Non-Ad Valorem Revenues already actually budgeted and appropriated and deposited into the Principal and Interest Account of the Debt Service Fund) received to date and that amount of Pledged Funds (without taking into consideration Non-Ad Valorem Revenues already actually budgeted and appropriated and deposited into the Principal and Interest Account of the Debt Service Fund) projected to be received prior to the next succeeding Interest Payment Date. If, based on such review, the City determines that a Debt Service Funding Deficiency is expected to exist in connection with such next succeeding Interest Payment Date, the City shall immediately amend its Annual Budget for such Fiscal Year and shall budget and appropriate, as described in the provisions of subparagraph (A) above, an amount of Non-Ad Valorem Revenue sufficient to cure such Debt Service Funding Deficiency. The Non-Ad Valorem Revenues so budgeted and appropriated shall be deposited into the Principal and Interest Account of the Debt Service Fund not later than five (5) Business Days before the Interest Payment Date in question, as provided in the Resolution.

(E) Notwithstanding anything to the contrary contained in the Resolution, if the Designated Revenues in each of three (3) consecutive Fiscal Years equal or exceed one hundred seventy five percent (175%) of the Maximum Principal and Interest Requirement on all Bonds Outstanding, then, as of the last day of such third Fiscal Year, the City's covenant to budget and appropriate from Non-Ad Valorem Revenues described herein shall terminate and be null and void. In such event, the City shall no longer be obligated to budget and appropriate Non-Ad Valorem Revenues and deposit the same into the Principal and Interest Account of the Debt Service Fund, and the Bonds Outstanding under the Resolution shall only be secured by and payable from the Designated Revenues and all investment income in the funds and accounts established under the Resolution, except for the Rebate Fund; provided, however, that amounts on deposit in or to the credit of a Reserve Account within the Reserve Fund shall only secure the particular Series of Bonds for which such Reserve Account was established.

Flow of Funds

Creation of Funds and Accounts. The Bond Resolution establishes (i) the "City of Fort Lauderdale Special Obligation Bonds Debt Service Fund" (the "Debt Service Fund") and two (2) accounts therein, designated the "Principal and Interest Account" (the "Principal and Interest Account") and the "Expense Account" (the "Expense Account") and (ii) the "City of Fort Lauderdale Special Obligation Bonds Reserve Fund" (the "Reserve Fund") within which separate accounts (each a "Reserve Account") shall be established for each Series of Bonds for which a Series Reserve Fund Requirement is established in the corresponding Series Resolution. All of such funds and accounts shall be held by the City.

The Resolution also creates (i) the "City of Fort Lauderdale Special Obligation Bonds Construction Trust Fund," which fund shall be held by the City and used to pay the cost of capital improvements authorized under a Series Resolution after issuance of the Series 2012 Bonds; (ii) the "City of Fort Lauderdale Special Obligation Bonds Rebate Fund" (the "Rebate Fund"), which fund shall be held by the City and used in connection with the issuance of any Tax-Exempt Bonds and (iii) the "City of Fort Lauderdale Special Obligation Bonds Designated Revenues Fund" (the "Designated Revenues Fund"), which shall be held by the City. All moneys received, collected and derived from the Designated Revenues in each Fiscal Year will be deposited in or credited to the Designated Revenues Fund.

All moneys held in the funds and accounts established in or pursuant to the Resolution, or any subfund or subaccount established by any Series Resolution, shall be held in trust and, pending application of such moneys as provided in the Resolution, such moneys (except for moneys on deposit in the Rebate Fund) shall be subject to a lien and charge in favor of the Holders and, as applicable, any Credit Banks and any Insurers.

Required Deposits to Funds and Accounts. The City shall cause the Finance Director to deposit all Designated Revenues, as the same are collected, to the credit of the City's general or special fund in which such revenues are received and thereafter promptly transfer the Designated Revenues to the Designated Revenues Fund. As needed to make the deposits required for each Series of Bonds, the City shall then transfer Designated Revenues from the Designated Revenues Fund to the Rebate Fund, the Principal and Interest Account, the Reserve Fund, and the Reserve Accounts established therein, and the Expense Account. Such transferred Designated Revenues shall be used from the respective funds and accounts to make payments of (i) required arbitrage rebate, if any, (ii) interest on and principal of the Bonds, (iii) required deposits, if any, to the Reserve Fund, and (iv) fees and expenses payable from the Expense Account, all in accordance with the provisions of the Resolution or as otherwise provided in any Series Resolution. Any balance after meeting the foregoing requirements for each Series of Bonds shall be deposited as provided below.

On or before the twenty-fifth (25th) day of each month, commencing in the month immediately succeeding the month in which the Series 2012 Bonds are issued, the Finance Director shall withdraw from the Designated Revenues Fund an amount equal to the amount then held for the credit of the Designated Revenues Fund or such lesser amount as shall be required to fund the deposit requirements set forth in clauses (a), (b), (c) and (d) below, and apply the moneys so withdrawn to make the following payments and deposits in the following order; provided, however, that the City may withdraw from the Designated Revenues Fund such greater amount as it may, in its sole and absolute discretion, determine to deposit into the funds and accounts described in clauses (a), (b), (c) and (d) below:

(a) Deposit to the credit of the Principal and Interest Account an amount equal to one-sixth (1/6th) of the interest becoming due on the Bonds on the next semiannual Interest Payment Date; provided, however, that the amount so deposited on account of interest in each month after the delivery of the Bonds of any Series up to and including the month immediately preceding the first Interest Payment Date thereafter of the Bonds of such Series shall be that amount that when multiplied by the number of such deposits will be equal to the amount of interest payable on such Bonds on their first Interest Payment Date less the amount of any accrued interest paid on such Bonds and deposited to the credit of the Principal and Interest Account.

(b) Deposit to the credit of the Principal and Interest Account an amount equal to the sum of (i) one-twelfth (1/12th) of the principal of Serial Bonds that will mature and become due on the next annual maturity date and (ii) one-twelfth (1/12th) of the Amortization Requirements that will become due and payable within the next Fiscal Year, such deposits to commence in such month or to be adjusted in such amounts as will ensure that on the dates such principal or Amortization Requirements are due and payable, sufficient moneys will be on deposit in the Principal and Interest Account.

Notwithstanding the foregoing, moneys shall not be required to be deposited to the credit of the Principal and Interest Account (1) pursuant to clause (a) above if the amount then to the credit thereof is equal to the interest becoming due and payable on the Bonds on the next Interest Payment Date and (2) pursuant to clause (b) above if the amount then to the credit of the Principal and Interest Account is equal to the sum of (i) the principal of Serial Bonds maturing on the next maturity date and (ii) the Amortization Requirement for such Fiscal Year on account of the Term Bonds Outstanding.

If the period between Interest Payment Dates is other than six (6) months or the period between principal payment dates is other than twelve (12) months, then such monthly deposits shall be increased or decreased, as appropriate, in sufficient amounts to provide the required interest amount coming due on the next Interest Payment Date or the required principal amount maturing or Amortization Requirement due on the next principal payment date or redemption date, as applicable.

(c) Deposit to the credit of the Reserve Fund (or each Account within the Reserve Fund to the extent that a Reserve Account has been established within the Reserve Fund for a particular Series of Bonds), without priority of one Reserve Account over another, if any, beginning with respect to each Series of Bonds for which a Series Reserve Fund Requirement has been established, on the twenty-fifth (25th) day of the month in which such Series of Bonds are delivered to the purchasers thereof, such sums as shall be at least sufficient to pay an amount equal to one-twelfth (1/12th) of the difference between the amount on deposit in the Reserve Fund or Reserve Account therein (including any Reserve Fund Insurance Policy or Reserve Fund Letter of Credit) on the date of issuance of the Series of Bonds and the increase in the amount required to be held therein due to the Series Reserve Fund Requirement for such Series of Bonds; provided, however, that no payments

shall be required to be made into the Reserve Fund or any Reserve Account therein whenever and as long as the amount deposited therein (including any Reserve Fund Insurance Policy or Reserve Fund Letter of Credit) shall be equal to all of the Series Reserve Fund Requirements for all Series of Bonds to which such Reserve Fund or Reserve Account therein relates.

No Series Reserve Fund Requirement exist for the Series 2012 Bonds. See "SECURITY AND SOURCES OF PAYMENT – No Reserve Fund" herein.

(d) Any balance remaining after satisfying the requirements of clauses (a), (b) and (c) above shall be deposited to the credit of the Expense Account in an amount sufficient to pay (i) the fees, interest and other amounts owing any issuer of a Reserve Fund Insurance Policy or Reserve Fund Letter of Credit, (ii) any fees and expenses of Fiduciaries or other administrative fees and expenses coming due in such month with respect to any Series of Bonds, and (iii) any costs of issuance of a Series of Bonds that remain to be paid.

(e) Any balance remaining in the Designated Revenues Fund after making the withdrawals and satisfying the requirements mentioned in clauses (a), (b), (c) and (d) above shall be deposited to pay principal and interest on Subordinated Indebtedness in the manner provided in the resolution authorizing such Subordinated Indebtedness.

If the moneys withdrawn for deposits to the above funds and accounts and for making the other required payments as above set forth shall not be sufficient to make such deposits and payments, the requirements in each month thereafter for each of the above deposits and payments for which the required monthly deposit or payment has not been made shall be cumulative and the amount of any deficiency in any such monthly deposit or payment shall be added to the amount otherwise required to be deposited in each month thereafter until such time as such deficiency shall have been extinguished.

The balance remaining to the credit of the Designated Revenues Fund, after making the withdrawals and fully satisfying all of the deposit requirements mentioned in clauses (a), (b), (c), (d) and (e) above for any Fiscal Year shall be withdrawn at or prior to the end of such Fiscal Year, as applicable, and deposited to the City's general or special revenue fund from which such moneys were originally withdrawn and the amounts so transferred shall no longer be subject to the lien and pledge of the Resolution; provided, however, that such amounts may not be withdrawn and deposited into the City's general or special revenue fund until an amount at least equal to the Principal and Interest Requirements due on the Bonds in such Fiscal Year shall be on deposit in the Principal and Interest Account and all deposits, if any, required by the Resolution to be made to the Reserve Fund in such Fiscal Year have been satisfied.

For so long as the City's covenant to budget and appropriate Non-Ad Valorem Revenues has not been released pursuant to the terms of the Resolution, if on the fifth (5th) Business Day prior to any Interest Payment Date the amounts on deposit in the Principal and Interest Account of the Debt Service Fund are not sufficient to make the interest and/or principal payments due and payable on such Interest Payment Date, the City shall deposit into the Principal and Interest Account a sufficient amount of Non-Ad Valorem Revenues to cure such deficiency.

No Reserve Fund

The Resolution establishes the Reserve Fund but provides that each particular Series of Bonds issued under the Resolution shall be secured by the Reserve Fund only to the extent that the Series Resolution corresponding to such Series of Bonds expressly so provides. In each such case, a separate Reserve Account shall be established within the Reserve Fund for each such Series of Bonds and the amount to be held in such

separate Reserve Account shall be the Series Reserve Fund Requirement, as established in the Series Resolution for the Series of Bonds secured by such separate Reserve Account. If a Reserve Account has been established in the Reserve Fund for a particular Series of Bonds, moneys in such Reserve Account shall be available to, solely pledged as security for, and (except as provided in the Resolution for payments to the issuer of any Reserve Fund Insurance Policy or Reserve Fund Letter of Credit), used only for the purpose of making payments of principal of and interest on the Series of Bonds to which such Reserve Account relates, and only when all moneys in any other fund or account under the Resolution and available for such purpose are insufficient therefor.

See "APPENDIX D -The Resolution" for a detailed description of the requirements relating to the Reserve Fund, including the deposit into a Reserve Account of a Reserve Fund Insurance Policy or Reserve Fund Letter of Credit in connection with the issuance of a Series of Bonds.

The Series 2012 Bonds represent the first Series of Bonds issued under the Resolution and no Series Reserve Fund Requirement was established in connection with the issuance of the Series 2012 Bonds. **As a result, no moneys have been deposited into the Reserve Fund and no separate Reserve Account for the Series 2012 Bonds has been created. Any amount deposited in the Reserve Fund to secure a future Series of Bonds will be for the benefit of such Series of Bonds and not for the benefit of the Holders of the Series 2012 Bonds.**

Additional Bonds

One or more Series of Additional Bonds of the City may be issued under and secured by the Resolution, on a parity as to the pledge of the Pledged Funds with the Bonds theretofore issued under and secured by the Resolution and then Outstanding, including the Series 2012 Bonds. Additional Bonds may be issued from time to time for the purpose of paying all or any part of the cost of any capital improvements within the City or other project determined in a Series Resolution to be financed by the issuance of such Additional Bonds, in each case, not inconsistent with the authorized use of the Designated Revenues, subject to the conditions hereinafter described.

Before any Additional Bonds shall be issued under the provisions of the Resolution, the City Commission shall adopt a Series Resolution authorizing the issuance of such Additional Bonds. In addition, before such Additional Bonds shall be delivered, there shall be filed with the City Manager, among other things, the following:

(a) a certificate of the Finance Director demonstrating that the percentage derived by dividing the amount of the Designated Revenues received by the City during any twelve (12) consecutive months in the eighteen (18) months next preceding the date of delivery of the Additional Bonds then requested to be delivered by the Maximum Principal and Interest Requirement, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than one hundred seventy-five per centum (175%);

(b) an opinion of Bond Counsel to the effect that (i) the Series Resolution authorizing the issuance of the Additional Bonds has been duly adopted by the City, (ii) the issuance of the Additional Bonds has been duly and validly authorized, (iii) the Pledged Funds have been lawfully pledged, to the extent described in the Resolution for the payment of the Additional Bonds, (iv) the Additional Bonds constitute special obligations of the City payable in accordance with the provisions of the Resolution and (v) to the extent that the Additional Bonds are being issued as Tax-Exempt Bonds, the interest on such Additional Bonds is excluded from gross income for federal income tax purposes;

(c) an opinion of the City Attorney that issuance of the Additional Bonds has been duly authorized and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled; and

(d) a certificate of the Finance Director to the effect that no event of default, as defined in the Resolution, and no event which with the passage of time, the giving of notice or both would become an event of default has occurred within the twelve (12) consecutive calendar months prior to the date of such certificate and is continuing or, if an event of default has occurred and is continuing, that such event would be cured as a result of the issuance of the Additional Bonds.

In determining whether to execute and deliver the certificate mentioned in clause (a) of this Section, if the rates for any of the sources of Designated Revenues have been revised, in accordance with applicable law, and the revision of such rates have gone into effect prior to issuance of the Additional Bonds, or pursuant to a Series Resolution in which the City has designated additional revenues as Designated Revenues under clause (d) of the definition of Designated Revenues, the amount of the Designated Revenues which would have been realized during the twelve (12) consecutive month period described in clause (a) of this Section required to be examined and reported upon in the Finance Director certificate, had such revised rates gone into effect or such additional revenues been pledged on the first day of such period, may be used by the Finance Director.

Refunding Bonds

One or more Series of Refunding Bonds of the City may be issued under and secured by the Resolution, on a parity as to the pledge of the Pledged Funds with the Bonds theretofore issued under and secured by the Resolution and then Outstanding, including the Series 2012 Bonds. Refunding Bonds shall be issued for the purpose of providing funds for refunding all or any Bonds of any one or more Series of Bonds then Outstanding, or any other obligation of the City (whether or not such obligation was issued under the Resolution), including the payment of any redemption premium thereon and interest that will accrue on such Bonds or other obligation to the redemption date or stated maturity date or dates, funding any funds and accounts under the Resolution and paying any expenses in connection with such refunding and for any related lawful purpose.

Before any Refunding Bonds shall be issued under the provisions of the Resolution, the City Commission shall adopt a Series Resolution authorizing the issuance of such Refunding Bonds. In addition, before such Refunding Bonds shall be delivered, there shall be filed with the City Manager, among other things, the following:

(a) an opinion of Bond Counsel to the effect that (i) the Series Resolution authorizing the issuance of the Refunding Bonds has been duly adopted by the City, (ii) the issuance of the Refunding Bonds has been duly and validly authorized, (iii) the Pledged Funds have been lawfully pledged, to the extent described in the Resolution for the payment of the Refunding Bonds, (iv) the Refunding Bonds constitute special obligations of the City payable in accordance with the provisions of the Resolution and (v) to the extent that the Refunding Bonds are being issued as Tax-Exempt Bonds, the interest on such Refunding Bonds is excluded from gross income for federal income tax purposes;

(c) an opinion of the City Attorney that issuance of the Refunding Bonds has been duly authorized and that all conditions precedent to the delivery of such Refunding Bonds have been fulfilled;

(d) a certificate of the Finance Director to the effect that no event of default, as defined in the Resolution, and no event which with the passage of time, the giving of notice or both would become an event of default has occurred within the twelve (12) consecutive calendar months prior to the date of such certificate and is continuing or, if an event of default has occurred and is continuing, that such event would be cured as a result of the issuance of the Refunding Bonds;

(e) if the Bonds to be refunded do not mature or are not being redeemed on the date of delivery of the Refunding Bonds, a written verification of an Accountant that the proceeds (excluding accrued interest) of such Refunding Bonds, together with any other available money, deposited with a Depository, acting as escrow agent solely for the Holders of such Bonds to be refunded, and the interest that shall accrue upon any Defeasance Obligations acquired pursuant to clause (e) below of this Section, shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest that will accrue thereon to the respective redemption and/or maturity dates, as applicable; and

(f) a certificate of the Finance Director evidencing compliance with the requirements for the issuance of Additional Bonds, as set forth in the certificate of the Finance Director required to be delivered in connection with the issuance of Additional Bonds, or stating that, assuming the issuance of such Refunding Bonds and the refunding of the Bonds to be refunded, the Principal and Interest Requirements for the Refunding Bonds proposed to be issued in each Fiscal Year through the last Fiscal Year in which the Bonds to be refunded would otherwise be Outstanding are not more than one hundred five percent (105%) of the Principal and Interest Requirements which would be due in each such year for the Outstanding Bonds to be refunded if such refunding did not occur.

Issuance of Other Obligations

In connection with the acquisition and improvement by the City of various projects, the City has issued bonds, notes and entered into other obligations to finance the costs of such acquisition and improvement. Certain of such bonds, notes and other obligations are payable from the City's legally available non-ad valorem funds generally and do not constitute a lien on any specific non-ad valorem funds of the City. The City may enter into future obligations which are required to be paid from all or any portion of the Designated Revenues or the Non-Ad Valorem Revenues. However, such future obligations may not create a lien, either legal or equitable, on Non-Ad Valorem Revenues generally, pursuant to applicable law and the terms of the Resolution, and may only pledge any of the Designated Revenues on a parity with the lien created in favor of the Series 2012 Bonds if such future obligations comply with the requirements for the issuance of Additional Bonds under the Resolution. See "SECURITY AND SOURCES OF PAYMENT – Additional Bonds" and "PLEDGED FUNDS" herein.

Limited Liability

The Series 2012 Bonds shall not be and shall not be deemed to constitute a debt, liability or obligation of the City, Broward County, Florida the State or any political subdivision thereof within the meaning of any constitutional, statutory or charter provisions or limitations, or a pledge of the faith and credit of the City, Broward County, Florida, the State or any political subdivision thereof, but shall be payable solely from the Pledged Funds. No Holder or Holders of any Series 2012 Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the City, Broward County, Florida, the State or any political subdivision thereof, or taxation in any form of any real or personal property therein, or the application of any funds of the City, Broward County, Florida, the State or any political subdivision thereof to pay the Series 2012 Bonds or the interest thereon, other than the Pledged Funds. The Series 2012 Bonds and the obligations evidenced thereby shall not constitute a lien upon any property owned by or situated

within the corporate territory of the City, but shall constitute a lien only on the Designated Revenues, to the extent, in the manner, and with the priority of application provided in the Resolution. See "APPENDIX D – The Resolution."

PLEDGED FUNDS

General

The City collects a wide range of taxes and revenues to fund its annual operations. Among the revenues collected by the City are the non-ad valorem revenues, the sources of which include public service taxes and communications services taxes (which are also sometimes referred to as utilities service taxes), franchise taxes and taxes for insurance premiums, fees for licenses and permits, including business tax receipts, funds received from the State under the State Revenue Sharing Act, funds distributed to local governments from the State collected sales tax, including the Guaranteed Entitlement (as hereinafter defined), charges for certain City services, fines and forfeitures, interest earned on invested cash, federal and state categorical grants, and other miscellaneous revenues. However, revenues collected by the City which constitute (a) the Communications Services Tax Revenues, (b) the Public Service Tax Revenues, (c) the Guaranteed Entitlement Revenues or (d) the Business Tax Revenues shall not constitute Non-Ad Valorem Revenues, as such revenues are included in the definition of Designated Revenues under the Resolution. See "SECURITY AND SOURCES OF PAYMENT – Pledged Funds" and "PLEDGED FUNDS – Sources of Designated Revenues" herein.

The amounts and availability of any of the City's non-ad valorem funds are subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem funds of the City are allocated. See "SECURITY AND SOURCES OF PAYMENT – Pledged Funds" herein. In addition, the amount of certain non-ad valorem funds collected by or distributed to the City are directly related to the general economy of the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem funds generally collected or received by the City in any Fiscal Year.

In addition to the Series 2012 Bonds, the City has outstanding, and may incur in the future, other indebtedness for the payment of which the City has covenanted, or in the future may covenant, to budget and appropriate legally available non-ad valorem funds of the City. Also, subject to the terms of the Resolution limiting the conditions under which Designated Revenues may be pledged to secure other obligations, certain sources of the City's legally available non-ad valorem funds may be pledged as security for future obligations of City. Non-Ad Valorem Revenues required to be applied to said obligations would not be available for use as Non-Ad Valorem Revenues under the Resolution to cure a Debt Service Funding Deficiency. See "SECURITY AND SOURCES OF PAYMENT – Pledged Funds – Non-Ad Valorem Revenues" herein.

Sources of Designated Revenues

Set forth below is a description of each of the Designated Revenues.

Public Service Tax Revenues Sections 166.231 - 166.236, Florida Statutes, as amended (the "Public Service Tax Law") authorizes any municipality within the State to levy a public service tax on the purchase of electricity, metered natural gas, liquefied petroleum gas (either metered or bottled), manufactured gas (either metered or bottled) and water services, as well as any service competitive with the services specifically enumerated. The Communications Services Tax Simplification Law, as amended, being Chapter 202, Florida Statutes, as amended (the "Communications Services Tax Law") replaced the authority previously provided local governments under Chapter 166, Florida Statutes, as amended, to levy a public service tax on the

purchase of telecommunications services. Except for certain exceptions for water services, as provided in Section 166.231, Florida Statutes, as amended, public service taxes shall be levied only upon purchases within the City and shall not exceed ten percent (10%) of the payments received by the seller of the taxable item from the purchaser for the purchase of such service; provided, however, that fuel oil shall be taxed at a rate which shall not exceed four cents (\$0.04) per gallon.

City Levy and Exemptions. The City levies its public service tax under the provisions of City Code, Chapter 15, Article III, Division 4, Section 15-126 *et seq.* Under such provisions of the City Code, the City established a public service tax rate of ten percent (10%) and a rate of four cents (\$0.04) per gallon on the purchase of fuel oil. Section 166.231, Florida Statutes, as amended, allows a municipality to exempt from the public service tax the first 500 kilowatts of electricity per month purchased for residential use. The City does not currently grant such an exemption. The City Code, however, does exclude from public service taxation:

- (i) the purchase of sixteen (16) ounces or less of bottled gas in a container of five (5) gallons or less of fuel oil delivered at the seller's place of business into the purchaser's container of not more than five (5) gallons capacity;
- (ii) the purchase of fuel oil by a public or private utility, including municipal corporations and rural electric cooperative associations, either for resale or use as fuel in the generation of electricity;
- (iii) the purchase of special fuels subject to the state road tax under Chapter 209, Florida Statutes, as amended;
- (iv) the purchase of fuel oil used for power of marine or farming equipment vehicles, aircraft, railroad trains and other media of transportation; and
- (v) any "fuel adjustment charge," defined in Section 166.231, Florida Statutes, as amended, and the City Code as all increases in the cost of utility services resulting from increases in the cost of fuel to the utility.

Collections. Public service taxes must be collected by the seller from purchasers at the time of sale and remitted to the Finance Director of the City, as prescribed by City Code. Thus, for example, the tax will appear on the periodic bills rendered to consumers by Florida Power & Light Company for electricity and by the City for water service. A failure by a consumer to pay the portion of the bill attributable to the public service tax will result in a suspension of such consumer's utility service in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

Communications Services Tax Revenues. The Communications Services Tax Law authorizes counties and municipalities in the State to levy a local tax on all communications services, as such term is defined in Section 202.11, Florida Statutes, as amended. The Communications Services Tax Law contains provisions that are designed to ensure that the revenues collected by a municipality under its provisions are similar in amount to the revenues collected by such municipality under the provisions which provided for the levy of public service taxes on the purchase of telecommunications services. Communications services means the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of protocol used for such transmission or conveyance. For charter counties and municipalities, communications services taxes may not exceed 5.10% of the payments received by the providers of such communications

services from purchasers. The maximum rate, however, does not include permitted add-ons of up to 0.12%, nor do they supersede conversion or emergency rates authorized by Section 202.20, Florida Statutes, as amended, which are in excess of the maximum rate.

City Levy and Exemptions. The City levies its communications services taxes under the provisions of City Code, Chapter 15, Article III, Division 4, Section 15-128 *et seq.* Under such provisions of the City Code, the City established a communications services tax rate of 5.22%, representing the maximum rate allowed in the Communications Services Tax Law, with the 0.12% ad-on. Section 202.125, Florida Statutes, as amended, exempts from the levy of communications services taxes:

- (i) all purchases by the federal government and its agencies and instrumentalities;
- (ii) the State and any county, municipality or political subdivision of the State; and
- (iii) any home for the aged, religious or educational organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

Collections. The communications services tax must be collected by the provider from purchasers and remitted to the State of Florida Department of Revenue (the "FDOR"). The proceeds of the communications services tax, less FDOR's costs of administration, are transferred to the Local Communications Services Tax Clearing Trust Fund held by FDOR and distributed to the City on a monthly basis. , the FDOR distributes to the appropriate local governments the amount of revenue collected pursuant to the Communications Services Tax Law which each local government is entitled to receive. Such distributions are made by the FDOR monthly.

Guaranteed Entitlement Revenues. Pursuant to an allocation formula established in the Florida Revenue Sharing Act of 1972, as amended, being Chapter 218, Part II, Florida Statutes, as amended (the "State Revenue Sharing Act") the State is required to share with the cities and counties of the State certain non-ad valorem funds derived from State sales and use tax collections, State alternative fuel user decal fee collections and from the one-cent municipal fuel tax collections. From such collections the State is required to share with eligible municipalities no less than the aggregate amount such municipality received from the State during fiscal year 1971-1972 under the provisions of State law then existing for (i) the tax on cigarettes, (ii) the road tax and (iii) the tax on motor fuel and, additionally, the amount received by eligible municipalities each year may not decrease from the aggregate amount received by such municipality the preceding State fiscal year (collectively, the "Guaranteed Entitlement").

Calculation and Distribution of Guaranteed Entitlement. The State Revenue Sharing Act creates an apportionment factor for the participation in revenue sharing by eligible counties and a separate apportionment factor for the participation in revenue sharing by eligible municipalities. For eligible municipalities, the apportionment factor is composed of various criteria, including the following:

- (i) the proportion of the population of a given municipality to the total population of all eligible municipalities in the State, as adjusted by certain factors according to the population of the given municipality;
- (ii) the proportion of the sales tax collected within a given municipality to the total sales tax collected within all the eligible municipalities in the State. The sales tax collected within a given municipality is derived by allocating the amount of sales tax collections for the county in which the municipality is located to each municipality in the county on the basis of the proportion of each municipality's population to the total population of the county; and

(iii) additional criteria relating to the relative ability of the given municipality to raise revenue, based upon the population of the given municipality and its assessed property values.

These factors are also used to determine the amount of revenue sharing funds that will be shared with the municipalities in each State fiscal year.

Collections received and to be distributed to local governments are deposited into the Revenue Sharing Trust Fund for Counties or the Revenue Sharing Trust Fund for Municipalities. Distributions from the respective trust funds are made to eligible counties and municipalities monthly.

The Revenue Sharing Trust Fund for Municipalities receives 1.3409 percent of sales and use tax collections, 12.5 percent of the State alternative fuel user decal fee collections and the net collections from the one-cent municipal fuel tax. Municipalities must use the funds derived from the one-cent municipal fuel tax for transportation-related expenditures. As a result, the one-cent municipal fuel tax collections received by the City from the Revenue Sharing Trust Fund for Municipalities will not be included in the Guaranteed Entitlement Revenues serving as security for the Series 2012 Bonds.

Eligibility to Participate in Revenue Sharing. The Revenue Sharing Act specifically provides that each unit of local government will receive annually its minimum entitlement. "Minimum entitlement" is defined as "the amount of revenue, as certified by a unit of local government and determined by the FDOR, which must be shared with a unit of local government so that such unit will receive the amount of revenue necessary to meet its obligations as a result of pledges or assignments or trusts entered into which obligated funds received from revenue sources or proceeds which, by the terms of the State Revenue Sharing Act, shall henceforth be distributed out of revenue sharing trust funds."

The Revenue Sharing Act imposes certain requirements on units of local government described below that must be met to participate in revenue sharing beyond the minimum entitlement. [However, the portion of Designated Revenues represented by the Guaranteed Entitlement Revenues will become the minimum entitlement for the City upon issuance of the Series 2012 Bonds.]

To be eligible to participate in revenue sharing under the State Revenue Sharing Act beyond the minimum entitlement, a county or municipality must satisfy various statutory requirements set forth in Section 218.23(1), Florida Statutes, as amended. Such requirements include, without limitation, obligations to comply with State financial reporting requirements, a requirement for the production of ad valorem tax revenues at no less than a three (3) mills ad valorem tax levy, exclusive of taxes levied for debt service or other special millages authorized by voters, and requirements relating to the qualifications law enforcement personnel and firefighters. The City complies with such requirements and, although no assurance can be given, is expected to continue to comply with such requirements in the future.

Limitation on Pledge of Guaranteed Entitlement. The State Revenue Sharing Act provides that local governments may not pledge for the payment of principal and interest on bonds or other forms of indebtedness any amounts received under the State Revenue Sharing Act in excess of the Guaranteed Entitlement. Notwithstanding the foregoing, the State Revenue Sharing Act allows up to fifty percent (50%) of the funds received under the Act in the year prior to the issuance of bonds or other forms of indebtedness to be pledged to the payment of the principal of and interest on such bonds or other forms of indebtedness. **Although the City receives funds from the State under the State Revenue Sharing Act in excess of the Guaranteed Entitlement, only the portion which constitutes the Guaranteed Entitlement is being pledged as a portion of the Designated Revenues securing the Series 2012 Bonds and further, only the portion of the Guaranteed Entitlement that is not attributable to collections from the one-cent municipal fuel tax.**

Business Tax Revenues. Sections 205.013 - 205.162, Florida Statutes, as amended (the "Local Business Tax Act") authorizes any municipality within the State to levy a business tax for the privilege of engaging in or managing any business, profession or occupation within its jurisdiction (the "Business Tax"). The Business Tax may be levied upon businesses, professions or occupations within the City, excluding customary religious, charitable or educational activities of nonprofit religious, nonprofit charitable and nonprofit educational institutions, and excluding any business, occupation or profession if a business tax thereon is prohibited by Section 8, Article I of the United States Constitution.

The taxes authorized by the Local Business Tax Act do not include fees or licenses paid to any board, commission or officer for permits, registrations, examinations or inspections. Unless otherwise provided by law, such fees or licenses are deemed to be regulatory and in addition to, but not in lieu of, Business Taxes authorized under the Local Business Tax Act.

The Business Tax is required to be based upon reasonable classifications and must be uniform throughout each classification. Business Taxes are required to be paid annually and receipts evidencing payment of the Business Tax (the "Local Business Tax Receipt") are effective from October 1 for the Fiscal Year paid, through September 30 of the following year. The Local Business Tax Act provides conditions for the establishment of the rate each municipality may charge as Business Taxes. Increases in the established Business Tax rate may only occur every other year, may not exceed five percent (5%) per rate increase, and must be enacted by ordinance by a vote of at least a majority, plus one, of the governing body of the municipality.

The Local Business Tax Act provides exemptions from the imposition of Business Taxes on (i) vehicles used for the sale and delivery of tangible personal property for a business that has paid its Business Tax; (ii) certain businesses conducting farm, horticultural and related activities, except when the product manufactured from such activities is intoxicating liquors, wine, or beer, (iii) temporary or transitory businesses or occupations regulated by the State's Department of Business and Professional Regulation when a Business Tax has been paid for the permanent business location, (iv) employees of any business that has paid its Business Tax, except for counties and municipalities that, pursuant to resolution or ordinance, imposed a Business Tax on employees prior to October 13, 2010, (v) individuals licensed and operating as a broker associate or sales associate under Chapter 475, Florida Statutes, as amended, (vi) certain disabled persons and veterans (including their unremarried spouses) physically incapable of manual labor, widows with minor dependents and persons 65 years of age or older, meeting all of the other conditions provided as qualifications for the exemption in the Local Business Tax Act and (vii) certain activities of religious and charitable organizations and mobile home operators relating to mobile home installation.

City Levy and Collections. The City levies its Business Tax under the provisions of City Code, Chapter 15, Article II, Section 15-26 *et seq.* Under such provisions of the City Code, the City imposes a Business Tax on every person engaging in or managing any business, profession or occupation who maintains a permanent business location or branch office within the City. Such persons are required to register their business with the City's business tax division and pay the Business Tax for such business on or before October 1 of each year.

Each business is required to pay the full amount of the Business Tax charged for such business; provided, however, that Local Business Tax Receipts obtained between April 1 and September 30 each year are only required to pay one-half (½) of the full amount of the Business Tax for such business. The amount of the Business Tax to be paid by each business, profession and occupation is set forth in a schedule for such payments in City Code, Chapter 15, Article II, Section 15-57. Amounts to be paid are established by business classification. Unclassified businesses, professions and occupations are required to pay a Business Tax not in excess of \$157.50. The actual amount to be paid by any unclassified business is

determined by the City's business tax division by choosing the classification most similar to the unclassified business.

Penalty for Nonpayment. Any Local Business Tax Receipt that is not renewed when due in any year is subject to a delinquency penalty of ten percent (10%) for the month of October and five percent (5%) for each subsequent month of delinquency until paid. However, the total delinquency penalty may not exceed twenty-five percent (25%) of the Business Tax due for the delinquent person or entity. Any person who engages in or manages any business, occupation or profession without first obtaining a Local Business Tax Receipt, if required, is subject to a penalty of twenty-five percent (25%) of the Business Tax due, in addition to any other penalty provided by law or ordinance of the City Commission.

Proposal to Repeal Authority to Levy Business Taxes. In recent years, attempts have been made to remove the ability to levy Business Taxes from the counties and municipalities of the State. For example, in 2011, House Bill 4025 was filed in The Florida House of Representatives and Senate Bill 760 was filed in The Florida Senate, each for the purpose of repealing the Local Business Tax Act and deleting from the general laws of Florida any references to local business taxes. Each bill was assigned to the appropriate committee of the House of Representatives and the Senate, respectively, during the 2012 session of the Florida Legislature. However, neither bill was sent by the committee to which it had been assigned to the floor of either the House of Representatives or the Senate. As a result, the Florida Legislature did not vote on the proposal to repeal the Local Business Tax Act and delete references to local business taxes from the general laws of Florida.

Article VII, Section 18 of the Florida Constitution provides limitations on the ability of the Florida Legislature to pass legislation which creates funding mandates for the counties and municipalities of the State or reduces the authority counties and municipalities had to raise revenues in the aggregate, as such authority existed on February 1, 1989. The Local Business Tax Act was enacted prior to February 1, 1989. If the provisions of Article VII, Section 18 of the Florida Constitution were determined to apply to any legislation to repeal the Local Business Tax Act, such provisions of the Constitution would require the Florida Legislature to approve the repeal by a two-thirds (2/3) vote of the membership of The Florida House of Representatives and The Florida Senate, respectively.

No assurance can be given that legislation to repeal the Local Business Tax Act and delete references to local business taxes from the general laws of Florida will not be introduced during the next Florida Legislative session or during future sessions of the Florida Legislature, or that other attempts to repeal or limit the authority of counties and municipalities to levy or collect Business Taxes will not be made. In addition, no assurance can be given that if attempts are made to repeal or limit the authority of counties and municipalities to levy or collect Business Taxes, that Article VII, Section 18 of the Florida Constitution will govern such attempts. However, if such attempts are made and succeed, the City would have to determine if other legal authority exist for the levy and collection of Business Taxes or the Business Tax Revenues would no longer be available as Pledged Funds. For information relating to Business Tax Revenues as a portion of Designated Revenues generally, see "SECURITY AND SOURCES OF PAYMENT – Pledged Funds" and "PLEDGED FUNDS – Designated Revenues Collections" herein.

Designated Revenues Collections

The following table summarizes the actual receipt of funds constituting the Designated Revenues for the Fiscal Years ended September 30, 2002 through September 30, 2011 and the estimated amount of such funds to be received for Fiscal Year 2012, based on amounts contained in the proposed budget of the City for Fiscal Year 2013.

**City of Fort Lauderdale, Florida
Designated Revenues by Source**

Fiscal Year	Communications Services Tax Revenues	Guaranteed Entitlement Revenues	Business Tax Revenues ⁽²⁾	Public Service Tax Revenues			Total
	Communications Services Tax	Guaranteed Entitlement ⁽¹⁾	Business Taxes	FPL	Water	Gas	
2002	\$18,586,196	\$2,294,442	\$2,974,209	\$13,081,308	\$2,457,509	\$473,020	\$39,866,684
2003	17,553,259	2,399,332	2,683,507	13,976,724	2,909,666	471,747	39,994,235
2004	16,303,194	2,805,368	1,921,673 ⁽³⁾	13,823,735	3,018,239	477,235	38,349,444
2005	15,145,693	3,196,503	2,858,171	14,495,903	3,232,154	593,884	39,522,308
2006	15,082,333	3,196,503	2,993,618	14,660,098	3,137,897	666,053	39,736,502
2007	14,451,205	3,196,503	2,908,571	15,014,546	3,276,941	601,017	39,448,783
2008	14,869,550	3,196,503	2,998,605	15,181,470	3,295,955	588,675	40,130,758
2009	16,125,551	3,196,503	2,386,594 ⁽³⁾	15,016,126	3,768,773	530,586	41,024,133
2010	13,754,978	3,196,503	2,572,022	16,089,695	4,372,128	537,514	40,522,840
2011	13,511,021	3,196,503	2,853,959	16,252,773	4,462,340	499,504	40,776,100
2012 ⁽⁴⁾	14,000,000	3,196,503	2,700,000	16,000,000	4,500,000	550,000	40,946,503

Source: City of Fort Lauderdale, Florida Department of Finance.

- (1) Represents the City's Guaranteed Entitlement, excluding any portion of the Guaranteed Entitlement attributable to revenues received by the City from the one-cent municipal fuel tax collections. The one-cent municipal fuel tax collections are required to be used for transportation related purposes. See "PLEDGED FUNDS – General" and "– Sources of Designated Revenues – Guaranteed Entitlement Revenues" herein.
- (2) See "PLEDGED FUNDS – General" and "– Sources of Designated Revenues – Business Tax Revenues – Proposal to Repeal Authority to Levy Business Taxes" herein.
- (3) Decrease attributable to _____.
- (4) Estimated.

Sources of Non-Ad Valorem Revenues

Set forth below is a description of each of the categories of non-ad valorem revenues collected or received by the City.

Public Service Taxes. Public Service Taxes constitute revenues collected pursuant to the Public Service Tax Law. Under the terms of the Resolution, such revenues are not included in the definition of Non-Ad Valorem Revenues. See "PLEDGED FUNDS – General" and "– Sources of Designated Revenues" herein.

Communications Services Tax. Communications Services Taxes constitute revenues collected pursuant to the Communications Services Tax Law. Under the terms of the Resolution, such revenues are not included in the definition of Non-Ad Valorem Revenues. See "PLEDGED FUNDS – General" and "– Sources of Designated Revenues" herein.

Franchise Taxes. Franchise taxes are derived from revenues received by the City pursuant to franchise agreements that the City has entered into with private entities to provide certain services within the City. Such services may include electric, gas, water, telephone, cable television, towing and rolloff container services. Section 337.401, Florida Statutes, as amended, also authorizes the City to grant public rights-of-way for the placing and maintaining along, across or on any road or publicly owned rail corridors within the jurisdiction of the City, electric transmission or other communication service lines or poles or pipelines, fences, gasoline tanks and pumps or other structures for any "utility," as such term is defined in Section 337.401, Florida Statutes, as amended. The City is authorized to charge franchise fees in connection with the granting of such public rights-of-way in accordance with Section 337.401, Florida Statutes, as amended.

The City's revenues from franchise fees currently consist of payments made by Florida Power & Light Company and Peoples Gas for the privilege of constructing upon and operating within rights-of-way owned by the City. Such franchise fees are paid pursuant to long-term agreements which provide for payment to the City of 6.0% of the entity's gross revenue derived from accounts within the City limits, less property taxes and minor fees previously paid to the City.

Insurance Premium Taxes. Insurance premium taxes constitute revenues collected pursuant to a levy of taxes on premiums paid to insurers within the City for insurance policies issued by such insurers. Revenues generated from insurance premium taxes are collected by the FDOR and deposited into the Department of Revenue Premium Tax Clearing Trust Fund. After subtracting an administration fee, the FDOR distributes to the appropriate local governments the amount of revenue generated from insurance premium taxes which each local government is entitled to receive. Such distributions are made by the FDOR within fifteen (15) days after the receipt of the insurance premium taxes. Under Chapter 624, Florida Statutes, as amended, insurance premium taxes are required to be paid quarterly.

Pursuant to Chapter 175, Florida Statutes, as amended, a portion of the insurance premium taxes available to the City are distributed to the Firefighters Supplemental Share Plan and held as a separate benefit for the City's firefighters under the PFRS. In addition, pursuant to Chapter 185, Florida Statutes, as amended, a portion of the insurance premium taxes available to the City are held as a separate benefit under the PFRS for the City's police officers. As a result, the insurance premium taxes are not considered Non-Ad Valorem Revenues for the Series 2012 Bonds. See "APPENDIX B – Employee Retirement Plans of the City."

Charges for Services. The City collects revenue from fees it charges for certain services it provides. Such fees include, without limitation: (i) fees received from the City's community redevelopment agency for administrative services provided to such agency by the City, (ii) garbage and trash disposal and recycling fees, (iii) funds from internal services, (iv) charges for lien searches, lien collections, certifications and general photocopying, (v) planning and zoning fees, (vi) security system registration and monitoring fees, (vii) election filing fees, (viii) police towing and storage and other specific police department service fees, (ix) fire inspection and other specific fire department service fees, (x) fees for emergency medical services, and (xi) fees for the use of parks, playgrounds and related facilities and equipment.

Intergovernmental Revenues. Intergovernmental revenues constitute amounts received by the City pursuant to federal, State and County statutory requirements or initiatives and local programs that are designed to fund specific needs and services within the City. Such revenues include, without limitation, amounts received from: (i) federal grants for emergency management, homeland security, economic

development, transportation and technology; (ii) the State pursuant to (a) the State Revenue Sharing Act, (b) the gasoline tax refund under Chapter 206, Part I, Florida Statutes, as amended, (c) the half-cent sales tax under Chapter 218, Part VI, Florida Statutes, as amended, and (d) State grants for library services, emergency management and community affairs; (iii) Broward County resulting from business tax receipts and mobile home license fees, hazard materials cleanup and grants for emergency management, security and other City services; and (iv) museums, community colleges and other local entities. A portion of such revenues constitute Guaranteed Entitlement Revenues. Under the terms of the Resolution, Guaranteed Entitlement Revenues are not included in the definition of Non-Ad Valorem Revenues. See "PLEGGED FUNDS – General" and "– Sources of Designated Revenues" herein.

Licenses and Permits. Revenues from licenses and permits constitute amounts received by the City for fees charged (i) to obtain permits and pay business taxes to operate a business within the City and to satisfy penalties assessed in connection with certain licenses or permits, (ii) to obtain nonbusiness licenses and permits, and (iii) for certain registrations, inspections or certifications of use. Under the terms of the Resolution, revenues received from taxes imposed on persons and entities for the privilege of operating a business within the City constitute Designated Revenues and, as such, are not included in the definition of Non-Ad Valorem Revenues. See "PLEGGED FUNDS – General" and "– Sources of Designated Revenues" herein.

Fines and Forfeitures. Revenues from fines and forfeitures constitute amounts received by the City from fines assessed by the courts, charges imposed for municipal code violations, confiscated money and property and fees charged for returned checks.

Miscellaneous. Miscellaneous revenues include, without limitation, amounts received by the City from (i) interfund charges, fire assessment fees and payments made in lieu of taxes, including various pilot programs to provide certain services in the City where the entity providing such services was allowed to make certain payments in lieu of taxes otherwise required to be paid; (ii) the sale of surplus property; (iii) interest earnings on (a) the investment of moneys in the City's General Fund, (b) current or delinquent taxes and (c) liens on property; (iv) rents and royalties from the City's grant of licenses to provide certain services in the City and from its lease of certain property owned by the City, including, without limitation, fees received from its telecommunications license, and rents paid for the lease of various properties throughout the City; and (v) contributions made to the City.

Non-Ad Valorem Revenues Collections

The following table summarizes actual collections by the City of non-ad valorem funds for the Fiscal Years ended September 30, 2002 through September 30, 2011 and the amount of such collections that would constitute Non-Ad Valorem Revenues under the Resolution. See "SECURITY AND SOURCES OF PAYMENT – Pledged Funds – Non-Ad Valorem Revenues" herein. The availability of Non-Ad Valorem Revenues to be deposited into the Principal and Interest Account of the Debt Service Fund, as needed to cure a Debt Service Funding Deficiency, may be effectively limited by the City's obligation to adopt a balanced budget, funding requirements for essential governmental services of the City and other limitations on the collection, appropriation or use of non-ad valorem funds by the City. Unless otherwise expressly noted in the following table, no attempt has been made to quantify what portion of the non-ad valorem funds of the City will be affected by such limitations.

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City of Fort Lauderdale, Florida
Non-Ad Valorem Revenues by Source⁽¹⁾

Fiscal Year Ended September 30,

Non Ad-Valorem Revenues	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public service taxes ⁽²⁾	\$35,195,157	\$34,912,119	\$33,622,403	\$33,467,636	\$33,546,383	\$33,343,709	\$33,935,730	\$35,441,037	\$34,754,319	\$34,725,638
Franchise taxes	11,249,732	12,395,361	13,433,621	14,419,408	17,250,122	18,246,991	18,192,005	18,059,429	18,224,861	16,439,174
Insurance premium taxes	3,344,323	3,695,313	4,105,057	3,950,276	4,216,411	5,872,529	5,262,368	4,409,901	4,816,576	4,735,930
Licenses and Permits	9,476,357	10,839,138	10,674,843	11,273,726	12,884,161	13,350,790	10,993,869	8,374,250	8,031,790	3,122,525
Fines and Forfeitures	2,489,265	3,051,535	4,093,075	2,693,343	2,694,903	2,777,731	2,496,102	1,524,350	1,654,881	2,690,287
Intergovernmental	14,257,957	17,495,386	16,959,255	20,213,705	21,667,111	19,044,132	18,425,642	17,095,268	16,427,691	17,099,268
Charges for Services	14,914,401	15,503,916	17,497,036	17,429,001	17,829,228	18,962,658	17,744,259	16,663,920	17,829,591	19,426,937
Miscellaneous	<u>24,277,052</u>	<u>26,216,878</u>	<u>29,324,575</u>	<u>35,910,135</u>	<u>38,737,386</u>	<u>42,331,241</u>	<u>43,418,352</u>	<u>47,621,241</u>	<u>47,772,912</u>	<u>48,362,551</u>
TOTAL NON-AD VALOREM FUNDS	115,204,244	124,109,646	129,709,865	139,357,230	148,825,705	153,929,781	150,468,327	149,189,396	149,512,621	146,602,310
Less Amounts Not Legally Available ⁽³⁾	(4,646,605)	(5,042,009)	(5,564,414)	(5,500,248)	(5,793,839)	(7,313,848)	(6,594,873)	(5,655,431)	(6,116,467)	(6,076,528)
Less Designated Revenues	(39,866,684)	(39,994,235)	(38,349,444)	(39,522,308)	(39,736,502)	(39,448,783)	(40,130,758)	(41,024,133)	(40,522,840)	(40,776,100)
Less Debt Service Requirements	<u>(3,755,999)</u>	<u>(1,934,438)</u>	<u>(4,911,399)</u>	<u>(6,482,194)</u>	<u>(3,904,359)</u>	<u>(3,876,054)</u>	<u>(5,793,593)</u>	<u>(4,684,985)</u>	<u>(2,505,958)</u>	<u>(3,167,048)</u>
TOTAL AVAILABLE NON-AD VALOREM REVENUES⁽⁴⁾	<u>\$ 66,934,956</u>	<u>\$ 77,138,964</u>	<u>\$ 80,884,608</u>	<u>\$ 87,852,480</u>	<u>\$ 99,391,005</u>	<u>\$103,291,096</u>	<u>\$ 97,949,103</u>	<u>\$ 97,824,847</u>	<u>\$100,367,356</u>	<u>\$ 96,582,634</u>

Source: City of Fort Lauderdale, Florida Department of Finance.

- (1) Includes only non ad-valorem funds of the City that were deposited into the City's General Fund.
- (2) Also referred to as "utility taxes" or "utility services taxes" and includes Communications Services Tax Revenues.
- (3) Represents (i) the insurance premium taxes available to the City that are distributed to the Firefighters Supplemental Share Plan and held as a separate benefit for the City's firefighters under the PFRS pursuant to Chapter 175, Florida Statutes, as amended; (ii) the insurance premium taxes available to the City that are held as a separate benefit for the City's police officers under the PFRS pursuant to Chapter 185, Florida Statutes, as amended; and (iii) revenues received by the City from the one-cent municipal fuel tax collections that are not already deducted from the Guaranteed Entitlement Revenues. The one-cent municipal fuel tax collections are required to be used for transportation related purposes. See "DEFINED BENEFIT PENSION PLANS – Police and Firefighters' Retirement System – Plan Amendments" in "APPENDIX B – Employee Retirement Plans of the City" and "PLEGGED FUNDS – Sources of Designated Revenues – Guaranteed Entitlement Revenues" herein.
- (4) Represents Non-Ad Valorem Revenues, as defined in the Resolution.

Obligations Payable from Non-Ad Valorem Revenues

The City has incurred indebtedness payable from its non-ad valorem funds which requires a portion of the Non-Ad Valorem Revenues to be used to pay such indebtedness. The portion of the Non-Ad Valorem Revenues used to pay such prior indebtedness of the City will not become Pledged Funds and, therefore, will not be available to satisfy Principal and Interest Requirements for the Series 2012 Bonds. See "SECURITY AND SOURCES OF PAYMENT – Issuance of Other Obligations" herein. The outstanding principal amount of the City's indebtedness payable from Non-Ad Valorem Revenues is currently \$27,978,000, with maximum annual debt service totaling \$3,969,951.

Set forth below is a description of the obligations that have been entered into by the City which are payable from and secured by the City's covenant to budget and appropriate, on an annual basis, legally available non-ad valorem revenues.

Special Obligation Bonds, Series 2011A and Series 2011B. The City issued its Special Obligation Bond, Series 2011A in the aggregate principal amount of \$7,218,000 (the "Series 2011A Bond") and Special Obligation Bond, Series 2011B in the aggregate principal amount of \$2,546,000 (the "Series 2011B Bond" and, together with the Series 2011A Bond, the "Series 2011 Bonds") on September 9, 2011. The Series 2011A Bond was issued to finance a portion of the cost of acquiring, constructing, renovating, improving and equipping a list of 27 capital improvements within the City, as set forth in the Resolution of the City Commission authorizing issuance of the Series 2011 Bonds. The Series 2011B Bond was issued to finance a portion of the cost of replacing the City's 800MHz Public Safety/Public Services Radio Communication System. The Series 2011A Bond is currently outstanding in their original aggregate principal amount and the principal of each is scheduled to be paid through annual mandatory sinking fund prepayments, commencing November 1, 2012. The Series 2011A Bond has a final maturity of November 1, 2026 and the Series 2011B Bond has a final maturity of November 1, 2018.

Special Obligation Refunding Bonds, Series 2010A and Series 2010B. The City issued its Special Obligation Refunding Bond, Series 2011A in the aggregate principal amount of \$14,015,000 (the "Series 2010A Bond") and Special Obligation Refunding Bond, Series 2010B in the aggregate principal amount of \$10,095,000 (the "Series 2010B Bond" and, together with the Series 2010A Bond, the "Series 2010 Bonds") on October 29, 2010. The Series 2010A Bond was issued to current refund the City's Special Obligation Refunding Bond, Series 2008A, which was issued to refund various variable rate loans entered into by the City to finance various capital projects. The Series 2010B Bond was issued to refinance the City's Special Obligation Note, Series 2008B, which Note was entered into by the City to finance various capital improvements within the City. The Series 2010A Bond is currently outstanding in the aggregate principal amount of \$10,625,900, with principal scheduled to be paid through annual mandatory sinking fund prepayments due each September 1, until final maturity on September 1, 2020. The Series 2010B Bond is

currently outstanding in the aggregate principal amount of \$8,589,300, with principal scheduled to be paid through annual mandatory sinking fund prepayments due each September 1, until final maturity on September 1, 2022.

Set forth below is a table that shows all of the currently outstanding debt of the City that is payable from legally available non-ad valorem funds of the City. Prior to issuance of the Series 2012 Bonds, the City does not have any obligations outstanding that have a lien on, or are secured solely by, the Designated Revenues or any specific revenue source comprising the Designated Revenues.

Outstanding Non-Ad Valorem Debt

<u>Outstanding Obligation</u>	<u>Final Maturity</u>	<u>Outstanding Principal Amount</u>	<u>Percent of Total</u>	<u>Maximum Annual Debt Service</u>
Special Obligation Bond, Series 2011A	2026	\$ 7,218,000	24.91%	\$ 597,108
Special Obligation Bond, Series 2011B	2018	2,546,000	8.78	396,259
Special Obligation Bond, Series 2010A	2020	10,625,900	36.67	1,987,009
Special Obligation Bond, Series 2010B	2022	<u>8,589,000</u>	29.64	<u>989,575</u>
TOTAL		<u>\$28,978,000</u>	<u>100.00%</u>	<u>\$3,969,951</u>

Source: City of Fort Lauderdale, Florida Department of Finance.

In addition to the Series 2010 Bonds, the Series 2011 Bonds and the Series 2012 Bonds to be issued, the City may incur other indebtedness in the future secured by the City's covenant to budget and appropriate legally available non-ad valorem funds. Further, the City may pledge as security for other obligations certain specified funds which constitute Non-Ad Valorem Revenues. Such Non-Ad Valorem Revenues would be required to be applied to said obligations and, to the extent so applied, would not be available for use as Non-Ad Valorem Revenues under the Resolution. However, see "SECURITY AND SOURCES OF PAYMENT – Additional Bonds" and "– Issuance of Other Obligations" herein.

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Historical and Projected Debt Service Coverage

Set forth below is a table that shows the collection of Designated Revenues for Fiscal Years 2007 through 2011 and the coverage of the Principal and Interest Requirements on the Series 2012 Bonds, assuming the Series 2012 Bonds were Outstanding during such Fiscal Years.

Historical Designated Revenues, Debt Service and Coverage (Assuming Debt Service Payments Were Required In Each of the Years Indicated)

	<u>A</u>	<u>B</u>	<u>C=A/B</u>
<u>Fiscal Year</u>	<u>Total Designated Revenues ⁽¹⁾</u>	<u>Obligations Secured by Designated Revenues (Series 2012 Bonds) ⁽²⁾</u>	<u>Debt Service Coverage on Series 2012 Bonds ⁽²⁾</u>
2007	\$39,448,783	\$28,899,409	1.37x
2008	40,130,758	28,899,409	1.39
2009	41,024,133	28,899,409	1.42
2010	40,522,840	28,899,409	1.40
2011	40,776,100	28,899,409	1.41

Source: City of Fort Lauderdale, Florida Department of Finance.

- (1) Represents the Communications Services Tax Revenues, the Public Service Tax Revenues, the Guaranteed Entitlement Revenues and the Business Tax Revenues.
- (2) Represents the Maximum Principal and Interest Requirement on the Series 2012 Bonds, assuming an aggregate principal amount of \$337,830,000, a final maturity of January 1, 2032, and a true interest cost of 4.075%. The assumed Maximum Principal and Interest Requirement on the Series 2012 is included solely for purposes of showing the amount of coverage that would have been available if the Series 2012 Bonds had been issued prior to Fiscal Year 2007. The assumed Maximum Principal and Interest Requirement occurs in Fiscal Year 2023. All amounts are preliminary, subject to change.

Set forth below is a table that shows the estimated Principal and Interest Requirements relating to the Series 2012 Bonds, the collection of Designated Revenues for Fiscal Year 2011, the coverage of the estimated Principal and Interest Requirements on the Series 2012 Bonds, based on the Fiscal Year 2011 Designated Revenues collections, and the total amount of debt of the City that is payable from non-ad valorem funds of the City, including the estimated Principal and Interest Requirements on the Series 2012 Bonds that is only payable from Non-Ad Valorem Revenues under the conditions set forth in the Resolution. See "SECURITY AND SOURCES OF PAYMENT – Pledged Funds" herein.

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**Historical Designated Revenues,
Projected Debt Service and Coverage**

Series 2012 Bonds ⁽¹⁾

Fiscal Year	Principal	Interest	Total	Designated Revenues ⁽²⁾	Designated Revenues Coverage	Existing Non-Ad Valorem Debt ⁽³⁾	Total Non-Ad Valorem Debt ⁽¹⁾⁽³⁾
2013	\$ 16,555,000	\$ 8,559,980	\$ 25,114,980	\$ 40,776,100	1.62x	\$ 3,969,151	\$29,084,132
2014	14,745,000	11,339,000	26,084,000	40,776,100	1.56	3,412,306	29,496,306
2015	14,965,000	11,124,219	26,089,219	40,776,100	1.56	3,411,777	29,500,996
2016	15,225,000	10,859,810	26,084,810	40,776,100	1.56	3,412,494	29,497,304
2017	15,540,000	10,545,849	26,085,849	40,776,100	1.56	3,411,618	29,497,467
2018	15,910,000	10,176,719	26,086,719	40,776,100	1.56	3,413,189	29,499,907
2019	16,470,000	9,739,169	26,209,169	40,776,100	1.56	3,290,055	29,499,224
2020	17,375,000	9,229,946	26,604,946	40,776,100	1.53	2,894,262	29,499,208
2021	19,280,000	8,631,517	27,911,517	40,776,100	1.46	1,586,559	29,498,076
2022	19,960,000	7,952,325	27,912,325	40,776,100	1.46	1,585,715	29,498,040
2023	21,705,000	7,194,409	28,899,409	40,776,100	1.41	596,858	29,496,267
2024	19,445,000	6,416,493	25,861,493	40,776,100	1.58	597,064	26,458,557
2025	17,500,000	5,690,330	23,190,330	40,776,100	1.76	596,793	23,787,122
2026	16,570,000	4,994,799	21,564,799	40,776,100	1.89	597,030	22,161,829
2027	16,695,000	4,290,365	20,985,365	40,776,100	1.94	596,761	21,582,126
2028	17,385,000	3,502,917	20,887,917	40,776,100	1.95	- 0 -	20,887,917
2029	20,300,000	2,575,866	22,875,866	40,776,100	1.78	- 0 -	22,875,866
2030	15,205,000	1,702,443	16,907,443	40,776,100	2.41	- 0 -	16,907,443
2031	13,100,000	1,006,140	14,106,140	40,776,100	2.89	- 0 -	14,106,140
2032	<u>13,900,000</u>	<u>341,940</u>	<u>14,241,940</u>	<u>40,776,100</u>	2.86	<u>- 0 -</u>	<u>14,241,940</u>
TOTAL	<u>\$337,830,000</u>	<u>\$135,874,235</u>	<u>\$473,704,235</u>	<u>\$815,522,000</u>		<u>\$33,371,631</u>	<u>\$507,075,866</u>

Source: City of Fort Lauderdale, Florida Department of Finance.

- (1) Represents estimated Principal and Interest Requirements for the Series 2012 Bonds, assuming an aggregate principal amount of \$337,830,000, a final maturity of January 1, 2032, and a true interest cost of 4.075%. All amounts are preliminary, subject to change.
- (2) Represents Designated Revenues for the Fiscal Year ended September 30, 2011. See "PLEDGED FUNDS – Designated Revenues Collections" herein.
- (3) Includes the Series 2010 Bonds and the Series 2011 Bonds. See "PLEDGED FUNDS – Obligations Payable from Non-Ad Valorem Revenues" herein.

DEBT SERVICE SCHEDULE

Set forth below are the Principal and Interest Requirements for the Series 2012 Bonds.

<u>Maturity</u> <u>January 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$	\$	\$
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

THE CITY

The City, located in the heart of a robust, diversified growth region on the southeast coast of Florida, contains approximately 36 square miles and has an estimated population of approximately 165,500, as of September 30, 2011. The City was incorporated in 1911 and operates under the City Charter. The government consists of a five member City Commission elected by district, including a mayor elected at large. All elections are on a nonpartisan basis. The City Commission appoints a city manager. The current City Manager is Lee R. Feldman, who was appointed to serve as City Manager on June 7, 2011.

The City provides a full range of municipal services, including police and fire protection, streets, planning and zoning, parks and recreation, water, sewer, sanitation, economic development and public information services. Tourism is one of the City's major economic forces, with manufacturing, industrial and

commercial business and corporate and regional offices serving to diversify the City's economic base. For more information about the City, see "APPENDIX A - General Information regarding the City of Fort Lauderdale, Florida and Broward County, Florida."

LITIGATION

There is no litigation or administrative proceeding, other than as is disclosed in this Official Statement, of any nature, now pending or, to the best knowledge of the City, threatened against the City which, in the opinion of the City Attorney, will have any material adverse effect on any of the Pledged Funds. At the time of the delivery of the Series 2012 Bonds, the City will deliver a certificate to the effect that no litigation or other proceedings are pending or, to the best knowledge of the City, threatened against the City in any way (1) restraining or enjoining the issuance, sale or delivery of the Series 2012 Bonds or (ii) questioning or affecting the validity of the Series 2012 Bonds or any proceedings of the City taken with respect to the authorization, sale, execution or issuance of the Series 2012 Bonds or of the pledge of any moneys or other security provided for the Series 2012 Bonds.

The City experiences routine litigation and claims incidental to the conduct of municipal affairs. In the opinion of the City, there are no lawsuits presently pending or, to the best of the City's knowledge, threatened, the adverse outcome of which would impair the City's ability to perform its obligations to the owners of the Series 2012 Bonds.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2012 Bonds, including their legality and enforceability and the exclusion of interest on the Series 2012 Bonds from gross income for federal income tax purposes, are subject to the legal opinions of Squire Sanders (US) LLP, Miami, Florida, Bond Counsel, whose legal services as Bond Counsel have been retained by the City. The signed legal opinions of Bond Counsel, substantially in the form attached hereto as APPENDIX E, dated and premised on law in effect as of the original delivery of the Series 2012 Bonds, will be delivered to the City and the Underwriters on the date of issuance of the Series 2012 Bonds.

The actual legal opinions to be delivered may vary from the form attached hereto to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distribution of the opinions by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinions subsequent to their date of issuance.

Certain legal matters incident to the issuance of the Series 2012 Bonds relating to disclosure will be passed on for the City by the Law Offices of Steve E. Bullock, P.A., Miramar, Florida, whose legal services as Disclosure Counsel have been retained by the City. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2012 Bonds, will be delivered to the City and the Underwriters on the date of issuance of the Series 2012 Bonds.

The proposed text of the legal opinion of Disclosure Counsel is set forth as APPENDIX F to this Official Statement. The actual legal opinion to be delivered may vary from the text attached hereto if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Disclosure Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date of issuance.

Certain legal matters will be passed on for the City by Harry A. Stewart, Esquire, Fort Lauderdale, Florida, City Attorney, and for the Underwriters by Greenspoon Marder, P.A., Fort Lauderdale, Florida, Counsel to the Underwriters.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Series 2012 Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2012 Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Resolution and the Series 2012 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery and to general principles of equity (whether sought in a court of law or equity).

TAX MATTERS

General

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law, the Series 2012 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. An opinion to those effects will be included in the legal opinion of Bond Counsel. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2012 Bonds. **INTEREST ON THE SERIES 2012 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2012 BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2012 BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2012 BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2012 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2012 BONDS.**

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of Series 2012 Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Series 2012 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2012 Bonds (including their status as U.S. owners).***

Original Issue Discount and Original Issue Premium

Certain of the Series 2012 Bonds (“Discount Series 2012 Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Series 2012 Bond, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Discount Series 2012 Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount Series 2012 Bond is the initial offering price to the public (other than to Series 2012 Bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Series 2012 Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Series 2012 Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount Series 2012 Bond (i) is interest includable in the U.S. owner’s gross income for federal income tax purposes, and (ii) is added to the U.S. owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Series 2012 Bond. The effect of OID is to accelerate the recognition of taxable income during the term of the Discount Series 2012 Bond.

Certain of the Series 2012 Bonds (“Premium Series 2012 Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. If a U.S. owner purchases a Premium Series 2012 Bond, that owner will be considered to have purchased such a Premium Series 2012 Bond with “amortizable Series 2012 Bond premium” equal in amount to such excess. The U.S. owner may elect (which election shall apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Series 2012 Bond using a constant yield to maturity method over the remaining term of the Premium Series 2012 Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of Series 2012 Bond premium will reduce the basis of the Premium Series 2012 Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Discount Series 2012 Bonds and Premium Series 2012 Bonds should consult their own tax advisors as to the determination for federal tax purposes of the amount of OID or amortizable Series 2012 Bond premium properly accruable or amortizable in any period with respect to the Discount Series 2012 Bonds or Premium Series 2012 Bonds and as to other federal tax consequences and the treatment of OID and amortizable Series 2012 Bond premium for purposes of state or local taxes on, or based on, income.

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on a Series 2012 Bond and the proceeds of the sale of a Series 2012 Bond to non-corporate holders of the Series 2012 Bonds, and “backup withholding,” currently at a rate of 28%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Series 2012 Bond that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Non-U.S. Owners

Under the Code, interest and OID on any Series 2012 Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2012 Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Series 2012 Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. *Non-U.S. owners should consult their own tax advisors regarding the tax consequences of an investment in the Series 2012 Bonds.*

Circular 230

THE FOREGOING DISCUSSION IN "TAX MATTERS" WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE SERIES 2012 BONDS. THE FOREGOING DISCUSSION IN "TAX MATTERS" WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SERIES 2012 BONDS. EACH PROSPECTIVE PURCHASER OF THE SERIES 2012 BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

CONTINUING DISCLOSURE

For the benefit of the holders and beneficial owners from time to time of the Series 2012 Bonds, the City will covenant, in accordance with and as the only obligated person with respect to the Series 2012 Bonds under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), to provide or cause to be provided certain financial information and operating data relating to the City and the Net Revenues, not later than 243 days following the end of each Fiscal Year (the "Annual Report"), and notices of material events, in such manner as may be required for purposes of paragraph (b)(5) of the Rule. The Annual Report and notices of material events will be electronically filed by the City with the Municipal Securities Rulemaking Board at <http://emma.msrb.org/>. The specific nature of the information to be contained in the Annual Report and the notices of material events are contained in "APPENDIX G - Form of Continuing Disclosure Commitment." The covenants of the Continuing Disclosure Commitment have been made in order to assist the Underwriters in complying with clause (b)(5) of the Rule. The City has complied, and is currently in compliance, with its previous undertakings made with respect to the Rule, except as described below relating to its Annual Report for Fiscal Year 2008.

In connection with the filing of its Annual Report for Fiscal Year 2008, the City's audited financial statements were not available for filing on the date required for delivery of the Annual Report. As a result, the Annual Report for Fiscal Year 2008 was delivered to the appropriate information repositories during the week following the date set forth for its delivery in the continuing disclosure undertakings entered into by the City prior to Fiscal Year 2008.

In order to provide certain continuing disclosure with respect to the Series 2012 Bonds in accordance with the Rule, the City will retain the services Digital Assurance Certification, L.L.C. ("DAC") to serve as Dissemination Agent in accordance with the terms of the Continuing Disclosure Commitment. The obligation of DAC to deliver the information at the times, and with the contents described in the Continuing Disclosure Commitment is limited by and in all respects subject to the receipt by DAC of such information from the City

in the time periods required for its delivery. The specific obligations and responsibilities of DAC with respect to the continuing disclosure requirements of the Rule and its duties and limitations of liability as Dissemination Agent under the Continuing Disclosure Commitment are described in "APPENDIX G - Form of Continuing Disclosure Commitment."

GASB STATEMENT NO. 45

The Government Accounting Standards Board ("GASB"), which establishes financial reporting and accounting requirements for governmental entities, issued its Statement No. 45 in June 2004 ("GASB 45"). GASB 45 details the financial reporting guidelines that require state and local governmental entities to report their unfunded actuarial accrued liabilities for health care and other non-pension post-employment benefits (collectively referred to as "OPEB") as well as their annual OPEB costs. Historically, governmental entities generally accounted for OPEB on a pay-as-you-go basis, reporting only the cost of OPEB due in the current fiscal year. As a result of GASB 45, governmental entities are required to utilize an actuarial method of accounting that takes into account unfunded liabilities related to OPEB. In order to receive a clean opinion in its annual audit, governmental entities have to comply with the requirements of GASB 45.

The City provides a post-employment health insurance benefit for its general employees, sworn police officers and certified firefighters. Employees entitled to the benefit are paid from \$100 to \$400 per month upon normal retirement for the purchase of health insurance. The benefit continues until age 65 and is currently funded on a pay-as-you-go basis. In addition, retiring general employees and certified firefighters are eligible to continue their participation in one of the City's health and/or dental insurance plans at the same premium applicable to active employees. Since retiree claims are expected to result in higher costs to the plans, on average, than those for active employees on an actuarial basis, there is an implicit subsidy included in the premiums for the retirees. As of September 30, 2011, there were 590 retired employees receiving a monthly benefit, with an additional 2,257 employees eligible for participation in the future. Payments made totaled \$2,841,073 for the year. Retiree implicit subsidies amount to \$490,946 of that total.

Annual OPEB costs is a measure of the periodic cost of an employer's participation in a defined benefit OPEB plan. Set forth below is a description of the City's annual OPEB costs and net OPEB obligation for the Fiscal Year ended September 30, 2011:

**City of Fort Lauderdale, Florida
OPEB Annual Costs and Net Obligation
for Fiscal Year 2011**

Annual Required Contribution	\$ 6,321,000
Interest on Net OPEB Obligation	230,000
Amortization of Net OPEB Obligation	<u>(235,000)</u>
Annual OPEB Cost	6,316,000
Actual Contributions Made	(2,841,073)
Increase in Net OPEB Obligation	3,474,927
Beginning of Year Net OPEB Obligation	<u>6,042,831</u>
End of Year Net OPEB Obligation	<u>\$ 9,517,758</u>

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

Set forth below is a description of the City's annual OPEB costs for the last three (3) Fiscal Years and the amount contributed annually by the City towards such costs.

**City of Fort Lauderdale, Florida
OPEB Annual Costs and Contributions**

Fiscal Year Ended <u>September 30</u>	Annual <u>OPEB Cost</u>	<u>Contribution</u>	Percent <u>Contributed</u>	Net OPEB <u>Obligation</u>
2009	\$3,905,000	\$2,379,593	60.9%	\$2,547,826
2010	5,951,000	2,455,994	41.3	6,042,832
2011	6,316,000	2,841,073	45.0	9,517,758

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

As of the September 30, 2011 valuation date, the actuarial accrued liability for benefits was \$62,166,000, all of which was unfunded. The payroll for active participating employees for that period was approximately \$141,096,000 and the unfunded accrued liability as a percentage of payroll was 43.8%.

Historically, the City has been able to satisfy its annual OPEB obligation and currently expects that it will continue to have funds available to satisfy such obligation in the foreseeable future. For more detailed information concerning the City's OPEB, see "APPENDIX C - Basic Financial Statements of the City for the Fiscal Year ended September 30, 2011."

FINANCIAL STATEMENTS

The basic financial statements of the City for the Fiscal Year ended September 30, 2011 and the report of Ernst & Young LLP, independent certified public accountants, in connection therewith, dated March 12, 2012, are included in Appendix C as part of the public records of the City. The consent of Ernst & Young LLP was not requested for the reproduction of its audit report in this Official Statement. The auditor has performed no services in connection with the preparation of this Official Statement and is not associated with the offering of the Series 2012 Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned ratings of "____" and "____," respectively, to the Series 2012 Bonds. Such ratings reflect the view of such organizations and an explanation of the significance of such ratings may be obtained only from Moody's and S&P, respectively. An explanation of the ratings given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0300. An explanation of the ratings given by S&P may be obtained from S&P at 55 Water Street, 38th Floor, New York, New York 10041, (212) 438-2124.

There is no assurance that the ratings provided by Moody's and S&P, respectively, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2012 Bonds.

FINANCIAL ADVISOR

First Southwest Company, Aventura, Florida, is serving as financial advisor to the City with respect to the sale of the Series 2012 Bonds (the "Financial Advisor"). The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2012 Bonds and provided other advice. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC (collectively, the "Underwriters") have agreed to purchase the Series 2012 Bonds at a price of \$ _____ (which represents the \$ _____ principal amount of the Series 2012 Bonds, plus/minus net original issue premium/discount of \$ _____, minus an Underwriters' discount of \$ _____). The Underwriters will purchase all of the Series 2012 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions contained in a Bond Purchase Agreement relating to the Series 2012 Bonds and to the approval of certain legal matters by counsel.

The Series 2012 Bonds are offered for sale to the public at the prices and yields set forth on the inside cover page of this Official Statement. The Series 2012 Bonds may be offered and sold to certain dealers at prices lower than or yields higher than such offering prices and yields. After the initial public offering, such public offering prices and yields may be changed, from time to time, by the Underwriters.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each constituting one of the Underwriters, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Series 2012 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters, has entered into negotiated dealer agreements (each a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Series 2012 Bonds from JPMS at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that such firm sells.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the City as Underwriters) for the distribution of the Series 2012 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisors with respect to the authorization, sale, execution and delivery of the Series 2012 Bonds. Payment of the fees of such

professionals and an underwriting discount to the Underwriters (including the fees of Underwriters' Counsel) are each contingent upon the issuance of the Series 2012 Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and Rule 3E400.003, Florida Administrative Code, requires the City to disclose each and every default as to payment of principal and interest after December 31, 1975 with respect to obligations issued or guaranteed by the City. Rule 3E400.003 further provides, however, that if the City in good faith believes that such disclosure would not be considered material by reasonable investors, such disclosure may be omitted. Certain obligations issued by the City in which the City has acted merely as a conduit for payment do not constitute an actual debt, liability or obligation of the City, but are instead secured by payments to be made from certain users of bond financed property. Because such other obligations are not dependent upon the City for repayment, they do not affect or reflect the strength of the City. Accordingly, any prior default with respect to such obligations issued by the City would not in the City's judgment be considered material by reasonable investors in the Series 2012 Bonds. Accordingly, the City has not taken affirmative steps to contact the various trustees of conduit bond issues of the City to determine the existence of prior defaults.

Although no affirmative steps have been taken to determine if any defaults occurred with conduit issues of the City, the City has been provided notice of the occurrence of a default with respect to one of its prior conduit issues. The City's \$3,675,000 Industrial Development Revenue Bonds, Series 1982 (Days Inn of America, Inc. Project) (the "Days Inn Bonds") went into default as to the payment of principal and interest on September 15, 1991. On November 3, 1997, First Union National Bank, as Indenture Trustee for the Days Inn Bonds, issued a "Notice of Final Distribution" as to the Days Inn Bonds. The Days Inn Bonds were special, limited obligations of the City payable solely from the revenues and other amounts derived by the City from the loan agreement with the borrower of the proceeds of the Days Inn Bonds or otherwise from the project in respect of which the Days Inn Bonds were issued. Neither the faith and credit nor the taxing power of the City was pledged to the payment of the Days Inn Bonds. There was no lien upon any property owned by or situated within the jurisdictional limits of the City, except the project in respect of which the Days Inn Bonds were issued. For the foregoing reasons, the City has concluded that all disclosures required by the aforementioned Rule pertaining to the Days Inn Bonds are not deemed material to a reasonable investor.

Except as described in the preceding paragraph, to the best knowledge of the Director of Finance of the City, the City has not received actual notice of a default in the payment of principal or interest after December 31, 1975 with respect to any obligations issued or guaranteed by the City.

AUTHORIZATION OF OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the City Commission. At the time of the delivery of the Series 2012 Bonds, the Mayor and City Manager of the City will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that this Official Statement (excluding information under the caption "DESCRIPTION OF THE SERIES 2012 BONDS - Book-Entry Only System"), as of its date and as of the date of delivery of the Series 2012 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which this Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

A limited number of copies of the final Official Statement will be provided, at the City's expense, on a timely basis.

CONCLUDING STATEMENT

All information included herein has been provided by the City, except where attributed to other sources. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. The information herein has been compiled from official and other sources and, while not guaranteed by the City, is believed to be correct. To the extent that any statements made in this Official Statement and the appendices attached hereto involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement has been duly executed and delivered by the Mayor, the City Manager and the Director of Finance of the City of Fort Lauderdale, Florida.

CITY OF FORT LAUDERDALE, FLORIDA

Mayor

City Manager

Director of Finance

APPENDIX A

**General Information regarding the City of
Fort Lauderdale, Florida and Broward County, Florida**

GENERAL INFORMATION

Introduction

Founded in 1911, the City of Fort Lauderdale (the "City") is located in the heart of a robust, diversified growth region on the southeast coast of Florida midway between Miami and West Palm Beach. The City encompasses approximately 36 square miles with a population of approximately 165,500, as of September 30, 2010. Fort Lauderdale ranks as the seventh largest city in Florida and the largest municipality in Broward County, a metropolitan area that includes 31 cities and more than 1.8 million people.

Embraced by the Atlantic Ocean, New River and a myriad of scenic inland waterways, Fort Lauderdale truly lives up to its designation as the *Venice of America*. With an average temperature of 77 degrees, nearly seven miles of beautiful beaches and 3,000 hours of sunshine per year, Fort Lauderdale attracts millions of visitors each year for business, recreation and relaxation.

The City offers an array of cultural, recreational and entertainment amenities, combined with an exceptional economic climate and an outstanding quality of life. Fort Lauderdale features a thriving uptown and downtown business district; a revitalized beachfront; picturesque Riverwalk; vibrant arts, science and historic district; and an array of upscale shopping, dining and entertainment venues.

All of these assets combine to make Fort Lauderdale a year round, world-class family resort and business center.

Vision

The City is committed to improving productivity, streamlining expenses and developing a stronger, more effective organization. The City has embraced a new vision that is based on fiscal responsibility, accountability and quality delivery of services. It is a vision that rewards excellence, not mediocrity, and, above all, places the people of Fort Lauderdale first.

As the City moves forward, it will continue to work in partnership with its most important asset -- its citizens -- to develop the strategies necessary to ensure a safe and secure community; provide quality programs and services; enhance quality of life; protect the environment, promote smart growth; and maintain fiscal responsibility.

By remaining focused on its mission, the City is confident that it can address the challenges that lie ahead, and work to preserve and enhance the unique characteristics that make Fort Lauderdale such a special City.

Administration

The City has been operating under a Commission-Manager form of government since 1925. The City Commission is comprised of the Mayor, who is elected at-large, and four Commissioners, who are elected in non-partisan district races. Elections take place every three years and each elected official is eligible to serve three consecutive three-year terms. The next election will take place in March 2015. As the City's legislative body, the City Commission sets policy, enacts ordinances, adopts resolutions and makes appointments to advisory boards and committees.

The City Manager is appointed by and reports directly to the City Commission. As Chief Executive Officer, the City Manager is responsible for directing the City's day-to-day operations and carrying out the

policies set forth by the Commission. Lee R. Feldman, Fort Lauderdale's current City Manager, began his service as City Manager on June 13, 2011.

The City's departmental structure is comprised of the offices of the City Commission, City Manager, City Attorney, City Auditor and City Clerk, along with the following nine departments that are responsible for the provision and delivery of municipal services: Finance, Fire-Rescue, Human Resources, Information Technology Services, Parks and Recreation, Police, Public Works, Sustainable Development and Transportation and Mobility.

As of September 30, 2011, the City employed a work force of nearly 2,485 employees, approximately 1,950 of which are represented by six bargaining units: Fraternal Order of Police (FOP), Fraternal Order of Police - Police Captains, International Association of Fire Fighters (IAFF), International Brotherhood of Teamsters Local 769, Federation of Public Employees - Supervisory and Federation of Public Employees - Professional.

The City's current operating budget is \$632,677,392, through which the City provides a full range of municipal programs and services.

Resumes

Mayor John P. "Jack" Seiler was sworn in as Mayor of the City on March 17, 2009 and reelected in 2012. Prior to his election as Mayor of the City, Mayor Seiler served eight years in the Florida House of Representatives. During his tenure as a State Representative, he chaired the Broward Legislative Delegation in 2007-2008 and was Vice Chair of the Delegation in 2006-2007. Mayor Seiler is a graduate of the University of Notre Dame, where he received his B.B.A. and a graduate of the University of Miami, where he received his Juris Doctorate. Mayor Seiler has been in elected public service since 1993. He has served and continues to serve on numerous boards and organizations and is the recipient of numerous awards and recognitions. Mayor Seiler is a practicing attorney at the firm of Seiler, Sautter, Zaden, Rimes & Weihe. He is married and has four children.

Vice Mayor Charlotte E. Rodstrom was elected to the City Commission in March 2006 and reelected in 2009 and 2012. During her tenure, Vice Mayor Rodstrom has conducted monthly crime prevention meetings to address community concerns, spearheaded the Beach Master Plan to protect the environment and ensure smart, controlled growth and initiated plans to revitalize the Aquatics Complex and International Swimming Hall of Fame. She led the effort to preserve the historic Annie Beck House, established a new Cultural Arts and Tourism Advisory Board for the City and has worked with the Florida Department of Transportation on the Florida Scenic Highways Project. Vice Mayor Rodstrom also serves as the League of Cities' appointee to the Broward Cultural Council and is an appointee to the Broward County Metropolitan Planning Organization. In addition, Vice Mayor Rodstrom has served several other civic causes and organizations, including, among others, serving on the Board of Directors of the Historic Stranahan House and on the City's Planning and Zoning Advisory Board.

Commissioner Bobby B. DuBose was elected to the City Commission on March 10, 2009 and reelected in 2012. Commissioner DuBose received his Bachelors of Arts degree in Economics from the University of Florida. A native of Fort Lauderdale, Commissioner DuBose has devoted his time to serve many civic organizations, including, among other organizations, serving as President of the Fort Lauderdale NAACP Youth Council, President of the Fort Lauderdale Alumni Chapter of Kappa Alpha Psi, Executive Committee Member and Co-Chair for the NAACP's Friends of the Afro-Academic, Cultural, Technological and Scientific Olympics, and board member of the Broward County Living Wage Advisory Board, the City of Fort Lauderdale Marine Advisory Board and the Florida Ocean Sciences Institute Board. Since his election

to the City Commission, Commissioner DuBose was appointed as the City's representative to the Broward League of Cities and to the South Florida Regional Planning Council's State Road 7 Collaborative Steering Committee. Commissioner DeBose is self-employed in the insurance industry and also operates his own company, DuBose Ventures, LLC.

Commissioner Bruce G. Roberts was elected to the City Commission on March 10, 2009 and reelected in 2012. Commissioner Roberts graduated from Cardinal Gibbons High School in Fort Lauderdale, holds a bachelor's degree in Public Administration Criminal Justice from St. Thomas University and is a graduate of the University of Louisville's Southern Police Institute, Command Officers Development Course. He entered the law enforcement profession as a police officer for the City in 1973, was promoted to detective and, thereafter, through the ranks of law enforcement, culminating with his appointment as Chief of Police from October 2001 until May 2008. He has served professional and civic organizations, including the Greater Fort Lauderdale Chamber of Commerce, the Florida and Broward County Police Chiefs Associations, the Advisory Board of the Broward County Crime Commission, the Broward County Commission on Substance Abuse, the Broward Workshop Criminal Justice Committee, the Fort Lauderdale Police Officers Association and the Fraternal Order of Police. Present appointments include the Broward County Metropolitan Planning Organization, the Transportation Management Association and the Florida League of Cities - Urban Administration Committee.

Commissioner Romney Rogers was elected to the City Commission on March 10, 2009 and reelected in 2012. He received a bachelor's degree in business administration from Rutgers University in 1975 and a Juris Doctorate from Mercer University Law School in 1978. He has been a partner in the law firm of Rogers, Morris & Ziegler since 1981. A native of Fort Lauderdale, Commissioner Rogers has been actively involved in the community for more than three decades. His professional and civic affiliations include serving as a President of the Broward County Bar Association, young lawyer section, and as a board member or chair of numerous business and community organizations. He has served as Secretary/Trustee of the City of Fort Lauderdale's Police and Fire Pension Board, overseeing a \$500 million pension fund. He is a founding member of the Board of Directors for the Broward Housing Partnership, Co-Chair of the Fort Lauderdale Mayor's Prayer Breakfast Committee and a member of the Board of Directors of SunTrust Bank/South Florida. As President of Stranahan House, Commissioner Rogers initiated an endowment to ensure its continued maintenance and support. During his tenure as President of the Fort Lauderdale Rotary Club, he established a partnership with the City and neighborhood residents to create Virginia Young Park. He has served on the City's Historic Preservation Board and coached youth soccer, football and baseball in the City for 12 years. Professionally, Commissioner Rogers has served as the City Attorney for two separate cities. He is an active member of First Baptist Church of Fort Lauderdale, where he has served as Chairman of the Deacons and as a trustee.

Lee R. Feldman, ICMA-CM - City Manager for the City of Fort Lauderdale (June 2011 - Present), served as City Manager since October 2002 for the City of Palm Bay, Florida prior to accepting the position of City Manager for the City of Fort Lauderdale. Prior to his appointment as the Palm Bay City Manager, Mr. Feldman was employed by the City of North Miami, Florida, where he served as the City Manager from May 1996 to October 2002 and as the Deputy City Manager beginning in 1989. Mr. Feldman also served as an Assistant to the City Manager and as Assistant City Manager to the City of North Miami Beach. He is a graduate of Washington and Lee University, where he received a Bachelor of Arts in Liberal Arts, and he earned a Master's Degree in Governmental Administration from the Fels Center of Government at the University of Pennsylvania. Additionally, he has completed the Senior Executive in State and Local Government Program at Harvard's Kennedy School of Government.

Mr. Feldman currently serves as a Vice President (Southeast Region) of the International City and County Management Association, has served as the President of the Florida City and County Management

Association and was named the Florida League of Cities' "City Manager of the Year" in 2006. Mr. Feldman is a member of the United States Federal Emergency Management Agency National Advisory Council, served as Chair of the National League of Cities' City Futures Panel on Public Finance and serves as a member of the National League of Cities Steering Committee on Public Safety and Crime Prevention and Advocacy. He chaired the International City and County Management Association's Governmental Affairs and Policy Committee, currently serves on the Association's Sustainability Advisory Group and has served on the Association's Task Force on Community Tools for Ending Racism. Additionally, he teaches newly elected municipal officials the principles of finance and taxation in Florida and is frequently called upon to speak to professional groups on a variety of municipal issues.

Harry A. Stewart, Esquire - City Attorney for the City of Fort Lauderdale (August 2002 – Present), is an AV-rated attorney with over 35 years of legal experience in counseling and representing government and private-sector clients in the areas of land use, real estate development, eminent domain/condemnation, public finance and government affairs. He has been admitted to practice in all Florida courts and was admitted to practice in the United States District Court, Middle District of Florida and the United States Court of Appeals, 5th Circuit in 1974, the United States District Court, Southern District of Florida in 1976, the United States Supreme Court in 1980 and the U.S. Court of Appeals, 11th Circuit in 1981. He holds B.S. and J.D. degrees from the University of Florida.

John C. Herbst, C.P.A., CGFO - City Auditor for the City of Fort Lauderdale (August 2006 – Present), is the first individual to hold the position of independent City Auditor created through a charter revision in 2004. Mr. Herbst has over 20 years of diversified audit, accounting and finance experience in both the public and private sectors. Prior to coming to the City of Fort Lauderdale, he held several positions with the City of Jacksonville, Florida, including Chief Financial Officer for the Jacksonville Housing Commission, Director of Finance for the Jacksonville Children's Commission and Principal Budget Analyst for the City of Jacksonville. Mr. Herbst holds a Bachelors of Business Administration in Accounting from Bernard M. Barcuch College – City University of New York and a Masters of Business Administration from the University of North Florida. In addition to being a Florida licensed Certified Public Accountant, he also holds the designation of Certified Government Finance Officer from the Florida Government Finance Officers Association.

Jonda K. Joseph - City Clerk for the City of Fort Lauderdale (May 2004 – Present), is a 32-year veteran in the public sector. She was hired by the City Commission from the Town of Lauderdale-By-The-Sea, where she served as Town Clerk. Ms. Joseph also served as City Clerk of Coral Springs for nearly 21 years and is a member of the International Institute of Municipal Clerks and the Florida Association of City Clerks. She has a Bachelor of Arts degree in Public Management from Florida Atlantic University.

Douglas R. Wood, CGFM - Director of Finance for the City of Fort Lauderdale (February 2011 – Present), has over 40 years of experience in finance and budget in the public sector. Prior to joining the City, Mr. Wood was the Finance Director for the City of Lufkin, Texas. He has held financial and management positions with the City of Houston, Texas, the City of Roanoke, Virginia and the County of Chesterfield, Virginia. Mr. Wood holds a Bachelors of Business Administration from National Business College and the designation of Certified Governmental Finance Manager with the Association of Governmental Accountants.

Kirk W. Buffington, CPPO, C.P.M. - Deputy Director of Finance for the City of Fort Lauderdale (November 2011 – Present), has over 20 years of government and private sector procurement experience. Prior to becoming Deputy Director of Finance, Mr. Buffington was Director of Procurement Services for the City, and was also the Assistant Director of Administrative Services. He is a Past President of the National Institute of Governmental Purchasing. He holds a Bachelors of Science in Business from Florida State University, and an MBA from Webster University. Mr. Buffington is an Adjunct Instructor at Florida

Atlantic University in the School of Public Administration. He is a Certified Public Purchasing Officer and a Certified Purchasing Manager.

Linda Logan-Short - Controller for the City of Fort Lauderdale (May 2012 – Present), has over 17 years of accounting and finance experience with both the public and private sectors. Prior to joining the City, Ms. Short was the Assistant Finance Director for the City of Palm Bay, Florida. Ms. Short holds a Bachelors of Science in Accounting from Saint Leo University in Saint Leo, Florida. She currently serves as a member of the Government Finance Officers Association (GFOA) – Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program.

Lynda C. Flynn, CGFO - Treasurer for the City of Fort Lauderdale (August 2008 – Present), has over 20 years of experience in budget and finance in the public sector. In addition to her position as Treasurer, she held the position of Interim Finance Director for the City from December 2009 through January 31, 2011. Prior to joining the City, Ms. Flynn was the Asset and Debt Manager for Osceola County, Florida and held various positions in the Fiscal Services Department with Oakland County, Michigan. She holds a Bachelor of Science degree from Russell Sage College in Troy, New York and a Masters of Business Administration from Lamar University in Beaumont, Texas, and the designation of Certified Government Finance Officer from the Florida Government Finance Officers Association.

Economy and Business

An advantageous economic climate coupled with an exceptional quality of life is helping the City establish itself as a world-class center for international commerce and one of the most desirable locations for new, expanding or relocating businesses. Once known strictly as a tourism-based economy, Fort Lauderdale now supports a diverse range of industries, including marine, manufacturing, finance, healthcare, insurance, real estate, high technology, avionics/aerospace, film and television production.

Marine Industry. The marine industry is the largest industry in the Greater Fort Lauderdale area, accounting for more than 134,000 jobs, gross wages and earnings of approximately \$3.7 billion and \$13.6 billion of total economic impact in South Florida. The City hosts the Fort Lauderdale International Boat Show which, each year, has a regional economic impact of approximately \$500 million.

With more than 300 miles of waterways, marinas and marine manufacturing and repair facilities, Greater Fort Lauderdale is a world-renowned port of call for the yachting industry.

Tourism. Tourism is the second largest industry for the Greater Fort Lauderdale area, employing more than 114,000 individuals in the area. New hotels and related venues are consistently being constructed and renovated in South Florida to accommodate the area's extensive tourism industry. Broward County's first Ritz-Carlton Hotel opened in Fort Lauderdale in 2008 and the W Hotel opened in 2009. In addition, the former Yankee Trader Hotel recently reopened as a new Westin Hotel. The Greater Fort Lauderdale Convention and Visitors Bureau reports that the area hosted more than 10.6 million visitors in 2010 and such visitors spent an estimated \$8.7 billion.

Trade and Business Development. Fort Lauderdale has emerged as one of the fastest growing markets for global trade, with more than 40% of local businesses engaged in or supporting international commerce. The City also remains at the forefront of South Florida's emerging *InternetCoast*, a region that is home to more than 6,000 high technology firms. In addition, a growing list of nationally-recognized corporations have established business operations in Fort Lauderdale with corporate or Latin American headquarters, including: AT&T, AutoNation, BankAtlantic, Citicorp, Citrix Systems, Galaxy Latin America,

Hewlett-Packard, Microsoft Latin American, Motorola Latin America, Republic Industries, South African Airways, Spherion Corporation, SportsLine.com, and Voicestream Wireless.

Including Fort Lauderdale in its July 2, 2008 article entitled "100 Best Places to Live and Launch," CNN/Money reported:

"...Fort Lauderdale has felt less impact (from the real estate market) than the regions in and around Miami. The hottest businesses here are a reflection of the subtropical climate and locale. Pleasure boat construction and services are a major sector, while the tourism industry, in general, stays strong, thanks in large part to the Canadians and Europeans attracted to the weak dollar. What's more, a 600,000 square foot convention center plays host to trade shows that bring a variety of industrial leaders from all over the country in contact with local businesses. Besides the usual pleasure to be expected from a city by the sea (sun, surf, sailing and swimming), Fort Lauderdale offers a lively downtown, with museums, galleries, live music, theater and fine restaurants. And for sports-crazed fans, there are no less than seven pro teams to root for in the surrounding area."

Growth and Development

During the last several years, Fort Lauderdale experienced growth and development at a pace that rivaled any other period in its history. Such growth has slowed, however, in the last two years. Projections for population growth in the City were recently revised to reflect slightly slower growth for the next decade than was projected previously. Thereafter, population in the City is projected to increase at or above the higher rates previously contemplated.

In the coming years, the City will be challenged to maintain consistent growth and development in the face of change and continued competition. The City plans to concentrate on strengthening the assets that diversify the City's economy, while focusing on quality of life issues, such as improving the City's infrastructure and neighborhoods and expanding transit, cultural and recreational opportunities. The success of such concentration and focus will play an integral role in helping the City continue the successful growth and development it has experienced historically. Many of these efforts are identified by existing studies and plans that have been implemented or are expected to be implemented in the near future. The results of the implementation of certain of these efforts are visible through various public and private investments in public spaces, parks, streets, waterways, transit and other urban amenities and infrastructure improvements that have occurred throughout the City in recent years.

Property Values and Housing. Fort Lauderdale has benefitted from a steady increase in assessed property values. According to the Broward County Property Appraiser's Office, the assessed value for operations of taxable property in the City increased from a record \$23.7 billion in 2006 to a record \$31.3 billion in 2008. Although total taxable assessed values have decreased since Fiscal Year 2008, moderate growth is expected to resume in the future as new construction is added to the tax rolls.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (hereinafter referred to as "Amendment 1") was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and

limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009. Based on information received from the Broward County Property Appraiser's Office, the estimated annual loss of property tax revenues for the City from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$4.1 million.

Downtown. Although not as rapid as in prior years, development has continued to occur in downtown Fort Lauderdale. Currently, approximately 30 commercial, residential and mixed-use projects have been completed or are in various stages of development, including several that have recently obtained extensions on their development plans. These projects have increased and are expected to continue to increase the tax base of the downtown area of the City and will help to create a vibrant urban lifestyle for residents and visitors in South Florida.

Beach Area. Approximately 10 significant residential/hotel projects are either under construction or have been approved for construction on the barrier island. Additionally, a large scale development project at the existing Bahia Mar site is currently under consideration.

Fort Lauderdale Community Redevelopment Agency ("CRA"). The CRA consist of two redevelopment areas, the Central Beach Community Redevelopment Area and the Northwest-Progresso-Flagler Heights Community Redevelopment Area. The central beach area of the City has experienced a revitalization resulting from the investment by the CRA in improvements to inspire commercial and residential development in that area. In addition, several large improvement projects are currently planned or underway in the Northwest-Progresso-Flagler Heights Community Redevelopment Area of the CRA. Within the two redevelopment areas of the CRA, an estimated \$200 million worth of projects are currently planned or have commenced. Recent activity in the Northwest-Progresso-Flagler Heights Community Redevelopment Area includes the \$15 million Sistrunk Boulevard Infrastructure Project, which is designed to stimulate public and private investment and create a family-oriented, vibrant retail destination. Other projects in the Northwest-Progresso-Flagler Heights Community Redevelopment Area of the CRA include construction of new, single-family homes in the Sweeting's Landing and Sweeting Estates neighborhoods; opening of "Avenue Lofts" and "Sole Condominiums" mixed-use projects; development of a new Office Park at I-95 and Broward Boulevard; and construction of the City's new Building Services Center.

WaterWorks 2011. *WaterWorks 2011*, the City's comprehensive, originally estimated \$500 million (in Fiscal Year 2001 dollars) water and sewer infrastructure modernization project, completed design and/or construction work for 330 water system projects, valued at \$178.8 million, and 367 sewer system projects, valued at \$321.3 million, by the end of Fiscal Year 2010. Improvements to the City's water and sewer system under *WaterWorks 2011* have resulted in (i) a significant upgrade of the City's Peele-Dixie Water Treatment Plant, which upgrade was designed to improve the quality and reliability of drinking water for all of the City's water customers, and (ii) the extension of the sanitary sewer system to the vast majority of the areas of the City that did not receive sanitary sewer system service prior to the implementation of *WaterWorks 2011*.

Transportation

The City offers an extensive transportation network that includes Fort Lauderdale/Hollywood International Airport, Port Everglades, Fort Lauderdale Executive Airport, a Water Taxi system, two major railways and an extensive highway and mass transit system.

Surface Transportation. The City is served by three bus lines, two railroads (Florida East Coast Railway and CSX) and major freight carriers. The road system in Broward County totals approximately 4,800 miles and includes more than 140 miles of interstate and other expressways (I-95, I-75, I-595, Florida Turnpike and Sawgrass Expressway) and approximately 375 miles of divided highways. The County operated bus system includes an active fleet of 275 transit vehicles that serve approximately 40 million passengers annually.

Tri-Rail, a commuter rail system, provides service along a 72-mile corridor from Miami-Dade County to Palm Beach County. Tri-Rail recently completed the expansion of its system to double tracks along the entire corridor, enabling an expanded schedule and increased ridership. Connecting buses are available at all stations, with designated shuttles at Fort Lauderdale/Hollywood Airport and other regional airports. The Amtrak Silver Service links Fort Lauderdale to the rest of the nation, including daily trips to New York.

The Fort Lauderdale Downtown Development Authority is currently working to develop and implement a light rail system that would provide an additional public transportation option in the City. The light rail system would help to alleviate traffic congestion in the downtown areas of the City as more people relocate to the City's urban center in the coming years.

Fort Lauderdale/Hollywood International Airport. Fort Lauderdale/Hollywood International Airport ranks as one of the fastest growing airports in the United States, with over 22.4 million travelers passing through the airport in 2010, which constituted a 6.4% increase from 2009. The airport recorded its busiest year ever for international travel in 2010, serving 3.4 million international passengers, an increase of nearly 12% over 2009. The airport serves as a major economic force for greater Ft. Lauderdale, contributing over \$2.6 billion to the local economy and generating 44,000 jobs. The airport is located three miles from downtown Fort Lauderdale with easy access to I-95, I-595 and Port Everglades.

Fort Lauderdale Executive Airport. Owned and operated by the City, Fort Lauderdale Executive Airport ranks as one of the nation's busiest general aviation airports. Executive Airport generates more than \$7 million in annual revenue, with an estimated economic impact of \$330 million. The facility operates an Industrial Airpark, with 1.5 million square feet of office and warehouse space, and the Downtown Fort Lauderdale John Fuhrer Heliport. Executive Airport is home to 6 full service, fixed-base operators, 700 aircraft and 40 helicopters. The facility handles approximately 150,000 takeoffs and landings per year.

Executive Airport also serves as the hub site for the City's Foreign-Trade Zone #241. The Foreign-Trade Zone, which includes five sites and encompasses nearly 915 acres, offers businesses significant cost savings and economic incentives, while promoting job retention and growth for the City and surrounding communities.

Port Everglades. Port Everglades, the deepest commercial port in the United States south of Norfolk, Virginia and one of the world's leading international cruise ports, is located in Broward County and administered by a separate governing body with separate taxing authority. The port generates approximately \$14 billion annually into the region's economy and, through its cruise travel and international trade activity, provides approximately 143,000 jobs statewide annually.

Port Everglades is home to Florida's first Foreign-Trade Zone (FTZ), where foreign components can be assembled, packaged and shipped without usual customs duties. The FTZ now includes five sites within and outside the boundaries of Port Everglades and encompasses a total of 250 acres.

Water Taxi. Fort Lauderdale features a unique Water Taxi system, which transports passengers to and from the downtown area via the City's New River and network of inland waterways.

Education

The Broward County Public School system is an operating and taxing entity that is separate from the City and the County. The Broward County School District ranks as the sixth largest in the United States, second largest in Florida and the largest fully accredited school district in the nation. For the 2011-2012 School Year, Broward County Public Schools educated approximately 258,000 students with an operating budget of approximately \$1.90 billion. Currently, the Broward County School District is home to 141 elementary schools, 42 middle schools and 33 high schools. In addition, the Broward County Public School system has 68 charter schools and 16 other facilities for adult community and vocational training and community learning centers.

Three four-year colleges and universities and six two-year colleges are located in Broward County. There are also seven educational institutions in the County that offer a degree or certificate program in vocational and/or technical education. The campuses of Florida Atlantic University and Florida International University, both four-year, public universities, are located in downtown Fort Lauderdale, as is the campus of Broward College (formerly Broward Community College), a two-year public college.

Quality of Life

Fort Lauderdale offers an outstanding quality of life, highlighted by a semi-tropical climate, rich natural beauty and array of cultural, entertainment and educational amenities. World famous Fort Lauderdale Beach offers premier opportunities for recreation, relaxation and enjoyment. The picturesque Riverwalk serves as the cornerstone of the City's arts, science, cultural and historic district which features the Broward Center for the Performing Arts, Museum of Discovery and Science, Museum of Art and Old Fort Lauderdale Village and Museum. Las Olas Boulevard has gained international acclaim as Fort Lauderdale's centerpiece of fashion, fine dining and entertainment. In addition, the City's downtown area is home to Broward College, Florida Atlantic University, Florida International University, the award-winning Broward County Main Library, and to federal, county and Broward County School District offices.

Through the cooperative efforts of residents, businesses and local government, Fort Lauderdale has evolved into a City that offers the best of both worlds – an attractive business environment and an outstanding quality of life. Fort Lauderdale looks forward to continuing to build upon its success to meet the challenges of the 21st Century and beyond.

For more information about the City of Fort Lauderdale, visit the City's website at www.fortlauderdale.gov.

Population

From its origination in 1911 with a population of 300 people, Fort Lauderdale has grown to an estimated 165,500 people, as of September 30, 2011, and is currently ranked seventh among cities within the State of Florida.

**City of Fort Lauderdale, Florida
Population, Personal Income and Unemployment⁽¹⁾**

<u>Fiscal Year Ended September 30</u>	<u>Fort Lauderdale Population</u>	<u>Broward County Population</u>	<u>Broward County Personal Income⁽²⁾</u>	<u>County Per Capita Personal Income</u>	<u>Unemploy- ment Rate</u>
2002	167,800	1,703,998	\$54,850,632	\$32,189	5.6%
2003	167,600	1,728,336	55,790,306	32,280	5.4
2004	169,000	1,753,000	59,615,576	34,008	4.4
2005	170,300	1,753,000	65,213,329	37,201	3.5
2006	175,300	1,751,100	65,213,329	37,241	3.1
2007	175,500	1,751,100	65,213,329	37,241	4.2
2008	179,700	1,763,600	70,454,147	39,743	6.4
2009	180,100	1,756,500	71,994,871	41,169	10.9
2010	180,400	1,742,900	73,590,969	41,974	12.1
2011 ⁽³⁾	165,500	1,740,100	72,752,112	41,618	10.7

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

- (1) Fort Lauderdale population obtained from the Bureau of Economic and Business Research, University of Florida. Broward County population and personal income obtained from the Bureau of Economic Analysis, United States Department of Commerce (as of 2009). Unemployment rates obtained from the Bureau of Labor Statistics, United States Department of Labor.
- (2) Personal income in thousands of dollars.
- (3) Reduction in population for Fiscal Year 2011 is the result of lower population estimates provided from the United States census conducted for 2010.

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City of Fort Lauderdale, Florida
General Revenues by Source⁽¹⁾

<u>Fiscal Year Ended Sept. 30</u>	<u>Property Taxes</u>	<u>Utility Taxes</u>	<u>Franchise Taxes</u>	<u>Insurance Premium Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Total⁽²⁾</u>
2002	\$ 73,911	\$35,195	\$11,250	\$3,344	\$ 9,476	\$3,553	\$34,214	\$14,962	\$29,997	\$215,904
2003	81,122	34,912	12,395	3,695	10,839	3,662	41,365	15,552	30,420	233,963
2004	89,592	33,622	13,434	4,105	10,675	5,212	42,170	17,545	35,647	252,001
2005	111,804	33,468	14,419	3,950	11,274	3,353	50,218	17,477	41,632	287,595
2006 ⁽³⁾	124,356	33,546	17,250	4,216	12,884	3,336	101,391	17,877	48,971	363,829
2007	138,104	33,344	18,247	5,873	13,351	3,630	50,650	19,013	51,638	333,849
2008	127,981	33,936	18,192	5,262	10,994	6,643	42,315	17,792	50,606	313,721
2009	124,597	35,441	18,059	4,410	8,374	2,518	49,339	16,746	53,414	312,899
2010	112,812	34,754	18,225	4,817	8,032	2,534	50,969	17,859	52,772	302,774
2011	101,788	34,726	16,439	4,736	13,734	3,769	50,170	19,639	51,915	296,916

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report, September 30, 2011.

- (1) Includes all governmental fund types. Amounts reflected are in thousands of dollars.
- (2) Totals may not add due to rounding.
- (3) In Fiscal Year 2006 intergovernmental revenues show a significant increase due to cleanup and repair costs resulting from Hurricanes Katrina and Wilma and related reimbursements from federal and state sources.

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**City of Fort Lauderdale, Florida
Property Tax Millage Rate⁽¹⁾
Direct and Overlapping Governments**

FISCAL YEAR ENDED SEPTEMBER 30	TAX ROLL YEAR	OVERLAPPING RATES ⁽²⁾											
		FORT LAUDERDALE					OTHER TAXING DISTRICTS					SPECIAL DISTRICTS ⁽³⁾	
		OPERATING	DEBT SERVICE	TOTAL CITY	BROWARD COUNTY	BROWARD COUNTY SCHOOLS	SO. FLORIDA WATER MANAGEMENT DISTRICT	FLORIDA INLAND NAVIGATION DISTRICT	BROWARD CHILDREN'S SERVICES COUNCIL	TOTAL CITY-WIDE	DOWNTOWN DEVELOPMENT AUTHORITY		
									OPERATING	DEBT SERVICE	NORTH BROWARD HOSPITAL DISTRICT	HILLSBORO INLET	
2002	2001	4.8762	0.4968	5.3730	7.4005	9.0596	0.6970	0.0385	0.0900	0.6444	0.6000	2.4803	0.0951
2003	2002	4.8472	0.4213	5.2685	7.3650	9.2141	0.6970	0.0385	0.3055	0.6444	0.6000	2.4803	0.1170
2004	2003	4.8288	0.3682	5.1970	7.1880	8.8096	0.6970	0.0385	0.3316	0.6279	0.6000	2.5000	0.2490
2005	2004	5.4066	0.3632	5.7698	7.0230	8.2695	0.6970	0.0385	0.3920	0.6279	0.6000	2.4803	0.1845
2006	2005	5.0924	0.3389	5.4313	6.7830	8.0623	0.6970	0.0385	0.4231	0.6750	0.4200	2.1746	0.1845
2007	2006	4.8066	0.2760	5.0826	6.0661	7.8687	0.6970	0.0385	0.4073	0.6150	0.4800	1.8317	0.1170
2008	2007	4.1193	0.1289	4.2482	5.2868	7.6484	0.6240	0.0345	0.3572	0.4933	0.6089	1.6255	0.0860
2009	2008	4.1193	0.1302	4.2495	5.3145	7.4170	0.6240	0.0345	0.3754	0.4802	0.4289	1.7059	0.0860
2010	2009	4.1193	0.1343	4.2536	5.3889	7.4310	0.6240	0.0345	0.4243	0.4970	0.4313	1.7059	0.0860
2011	2010	4.1193	0.2173	4.3366	5.5530	7.6310	0.6240	0.0345	0.4696	0.4970	0.4313	1.8750	0.0860

Source: Broward County Property Appraiser.

- (1) State law requires all counties to assess at 100% valuation and limits millage for operating purposes to ten mills.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners (e.g., the rates for special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).
- (3) Special Districts are taxing entities that levy taxes on limited areas within the City of Fort Lauderdale city limits.

**City of Fort Lauderdale, Florida
Building Permit Activity**

<u>Fiscal Year Ended</u>	<u>Building Permits Issued</u>	<u>Estimated Building Permit Value</u>
9/30/02	22,250	\$1,112,534,325 ⁽¹⁾
9/30/03	25,113	1,139,181,315 ⁽¹⁾
9/30/04	26,046	1,774,323,254 ⁽¹⁾
9/30/05	28,809	909,684,623
9/30/06	31,870	1,446,456,647
9/30/07	27,831	1,104,690,206
9/30/08	22,246	626,995,334 ⁽²⁾
9/30/09	21,748	408,859,952 ⁽²⁾
9/30/10	21,543	421,617,819 ⁽²⁾
9/30/11	23,166	783,220,377 ⁽²⁾

Source: City of Fort Lauderdale, Florida Construction Services Division, Building Services Department.

- (1) Increase in Fiscal Year 2002 is due to large residential and commercial projects pursuant to development plans concentrated in the central beach and downtown areas of the City. Increase in Fiscal Years 2003 and 2004 is due to such development plans as well and to the annexation into the City of an approximately three mile area in September 2002.
- (2) Decrease in Fiscal Years 2008 through 2011 is due to delayed construction completions and extensions granted for development plans for large residential and commercial projects and the effects of the national downturn in the economy.

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APPENDIX B

Employee Retirement Plans of the City

EMPLOYEE RETIREMENT PLANS OF THE CITY

DEFINITIONS

All defined terms used in the body of this Official Statement shall have the same meaning when used in this Appendix B as was ascribed to such terms therein. In addition, when used in the body of this Official Statement or in this Appendix B, the following terms shall have the meaning provided below:

“Actuarial Accrued Liability” or “AAL” means that portion, as determined by a particular Actuarial Cost Method, of the actuarial present value of pension plan benefits and expenses that is not provided for by future Normal Costs.

“Actuarial Cost Method” means a method used to develop the actuarial present value of benefits and the allocations of such costs to certain periods of time in order to develop the AAL.

“Actuarial Value of Assets” (or “AVA”) means the value of cash, investments, and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation. An Actuarial Value (in contrast to a current market value) attempts to smooth annual investment return performance over multiple years to reduce annual return volatility.

“Amortization Period” means the period over which the UAAL is amortized, which can be either a “fixed” (or “closed”) period or a “rolling” (or “open”) period. During a fixed period, the UAAL is amortized over a declining number of years; for example, 30 years the first year, 29 years the second year, etc. During a rolling period, the UAAL is amortized over an unchanging number of years; for example, 15 years the first year, 15 years the second year, etc.

“Annual Pension Cost” or “APC” means the aggregate in a particular year of (i) the ARC, (ii) one year’s interest on the NPO, and (iii) an adjustment to the ARC to offset, approximately, the amount included in item (i) for amortization of past contribution deficiencies.

“Annual Required Contribution” or “ARC” means the aggregate in a particular year as calculated by the actuary comprised of (i) the Normal Cost and (ii) payments made to amortize the UAAL in accordance with the adopted Actuarial Cost Method of the pension plan or system.

“Assumptions” means an actuarial report will utilize demographic and economic assumptions as to the occurrence of future events affecting pension costs, such as investment rate, inflation rate, interest credited to member contributions, salary increase rate, annual cost-of-living adjustment, rates of separation from active membership, post-retirement mortality, active member mortality, and rates of retirement.

“Funded Ratio” means the ratio of (A) the AVA or market value of assets to (B) AAL. Such valuation can be on an actuarial or a market value basis. If a plan has a Funded Ratio of less than 100%, then the plan has a UAAL.

“GASB” means Governmental Accounting Standards Board of the Financial Accounting Foundation.

“Market Value of Assets” means as of the valuation date, the value of assets as if they were liquidated on that date.

“Net Pension Obligation” or “NPO” means the cumulative difference between the APC and the actual employer contribution (e.g., does not include contributions by the employees) in a particular year.

“Normal Cost” means the present value of the benefits that a pension plan projects to become payable in the future that are attributable to a valuation year of service.

“Smoothing” or “Smoothing Method” means a method used in determining AVA that is intended to reduce the impact of market volatility on the assets of a pension plan. Under a Smoothing Method, the annual investment return performance is “smoothed” over multiple years to reduce annual contribution volatility. For example, by use of a “five-year smoothing” methodology, a percentage difference between the net market value and the net book value for each of the most recent five years is calculated. The resulting percentages are averaged for the five-year period and applied to the valuation’s year’s market value of assets to arrive at the actuarial value of assets, with the result that only 20% of investment gains or losses in a particular year are taken into account in the annual actuarial valuation.

“Unfunded Actuarial Accrued Liability” or “UAAL” means the difference between (A) the AVA or market value of assets and (B) the AAL. Such valuation can be on an actuarial or a market value basis.

BACKGROUND INFORMATION

General

The City has two (2) defined benefit pension plans, the General Employees Retirement System (the “GERS”) and the Police and Firefighters’ Retirement System (the “PFRS”). Each plan is a single-employer defined benefit plan and each is administered by an eight (8) member board of trustees. The benefit provisions and all other requirements of the City’s defined benefit plans (collectively, the “Pension Plans”) are established by ordinance enacted by the City Commission. The provisions of the GERS are codified in Chapter 20, Article IV, Division 2, Section 20-106 through Section 20-115 of the City Code and the provisions of the PFRS are codified in Chapter 20, Article IV, Division 3, Section 20-126 through Section 20-135 of the City Code. Each plan may be amended or terminated at any time by the City Commission; provided, however, that no amendment shall cause either plan, or any portion thereof, to be used or diverted to purposes other than the exclusive benefit of members and beneficiaries of the respective plans. The Pension Plans each became effective on January 3, 1973.

The Pension Plans are considered part of the City for financial reporting purposes and each plan is included in the City’s Comprehensive Annual Financial Report as a pension system trust fund. However, the Pension Plans each prepare their own Comprehensive Annual Financial Report, the most recent of which is for the fiscal year ended September 30, 2011, with respect to the GERS, and December 31, 2011, with respect to the PFRS. Copies of the Comprehensive Annual Financial Report for the GERS and the PFRS may be obtained from the City’s Department of Finance.

Actuarial Methods and Assumptions. The funding policy of the Pension Plans provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the respective plans when they become due. The actuarial cost method used for determining the contribution requirements for each plan is the Entry Age Method, which determines the Annual Required Contribution based upon the amount of Normal Cost and amortization payment required to fund the UAAL each year. Other information relating to actuarial methods and assumptions used to determine the Annual Required Contribution for each plan is as follows:

<u>Method or Assumption</u>	<u>General Employees Retirement System</u>	<u>Police and Firefighters' Retirement System</u>
Valuation Date	Fiscal Year End (September 30)	Fiscal Year End (December 31)
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	5-30 Years	11-20 Years
Asset Valuation Method	Five Year Smoothed Market	20% Write-Up Method
Actuarial Assumptions:		
Investment Rate of Return	7.75%, including 3.25% inflation	7.75%, including 3.25% inflation ⁽¹⁾
Projected Salary Increases	4.25% - 8.25%	3.75% - 10.75% ⁽²⁾
Cost of Living Adjustments (COLA)	Ad hoc COLAs are granted with City Commission approval if investment earnings exceeded funding assumptions in the prior year	A COLA, limited to change in the consumer price index, is granted each year to the extent it can be funded by net experience gains during the prior year

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

- (1) Assumed Investment Rate of Return for the PFRS was changed from 7.75% to 7.50%, including a 3.0% rate of inflation, beginning in 2012.
- (2) The Projected Salary Increases range was changed to 3.25% to 9.25% beginning in 2012.

The amounts and percentages set forth in this Official Statement relating to the Pension Plans, including, for example, actuarial accrued liabilities and funded ratios, are based upon numerous demographic and economic assumptions, including investment return rates, inflation rates, salary increase rates, cost of living adjustments, postemployment mortality, active member mortality, and rates of retirement. Prospective purchasers of the Series 2012 Bonds are cautioned to review and carefully assess the reasonableness of the assumptions set forth in the documents that are cited as the sources of such information. In addition, the prospective purchasers of the Series 2012 Bonds are cautioned that such sources and the underlying assumptions speak as of their respective dates, and are subject to change.

Unfunded Actuarial Accrued Liability. The annual contribution the City must make to satisfy the requirements of the Pension Plans is comprised of two components, the Normal Cost and the UAAL. Pension fund obligations can increase for employers for various reasons, including, without limitation, changes in accrued benefits of the retirement plan, changes in pay levels of employees, changes in the demographics of the employee base, changes in Assumptions affecting Annual Pension Costs and differences in the actual versus the projected rate of return on the investments of the retirement plan. The City has experienced such changes in one or both of the Pension Plans during the past several years. As a result, the City's Annual Required Contribution to the Pension Plans has increased each year since 2008. Such increases have been significant and, based on current actuarial calculations and estimates, are expected to continue for several years.

The Pension Plans currently have an actuarial UAAL of \$399.8 million and a market value UAAL of \$502.7 million. Set forth below is a table to reflect the current UAAL of the Pension Plans.

Pension Plan Current UAAL

<u>Pension Plan</u>	<u>Actuarial UAAL</u>	<u>Actuarial Funded Ratio</u>	<u>Market Value UAAL</u>	<u>Market Value Funded Ratio</u>
GERS ⁽¹⁾	\$181,027,990	66.3%	\$231,382,937	56.9%
PFRS ⁽²⁾	<u>218,794,060</u>	<u>69.8</u>	<u>271,325,814</u>	<u>62.5</u>
Total	\$399,822,050	68.3%	\$502,708,751	60.1%

Source: City of Fort Lauderdale, Florida Department of Finance.

- (1) As of September 30, 2011.
- (2) As of December 31, 2011.

By its terms, the liability to fund the GERS requires assets of the fund to be amortized at a rate of 7.75% per annum and for the PFRS at a rate of 7.50% per annum (which was reduced from 7.75% beginning January 1, 2012). Such rate constitutes two components, one to reflect the return needed to cover payments to beneficiaries of the retirement plan (which is 4.5% per annum) and one to reflect inflation (which is 3.25% for the GERS and 3.0% for the PFRS as of January 1, 2012). However, the rate of return on the investments in each of the Pension Plans has been significantly less than the rate at which its assets are assumed to amortize. For the GERS during fiscal year 2011, the rate of return on the actuarial value of assets was 1.5%, compared with the expected rate of return of 7.75%. The rate of return during fiscal year 2011 in the GERS for the market value of assets was (1.2%). For the PFRS during fiscal year 2011, the rate of return on the actuarial value of assets was 5.0%, compared with the expected rate of return of 7.75%. The rate of return during fiscal year 2011 in the PFRS for the market value of assets was (0.3%).

Set forth below is a comparison of the Market Value of Assets versus the Actuarial Value of Assets for the Pension Plans. The difference between the Market Value of Assets and the Actuarial Value of Assets for the Pension Plans as of fiscal year 2011 was \$102.9 million.

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**Investment Income on Assets of
General Employees Retirement System**

	Fiscal Year Ended September 30,				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>GERS</u>					
<i>Actuarial Value</i>	\$327,741,369	\$338,743,156	\$345,239,176	\$353,481,376	\$355,673,852
Assumed Rate of Return	7.75%	7.75%	7.75%	7.75%	7.75%
Projected Investment Income	23,165,522	25,179,509	26,030,264	26,646,003	27,277,038
Actual Rate of Return	10.40%	5.10%	3.60%	3.40%	1.50%
<i>Market Value</i>	\$355,028,327	\$292,087,582	\$287,699,313	\$312,018,770	\$305,318,905
Actual Rate of Return	16.20%	-16.30%	0.50%	9.80%	-1.20%
Actual Investment Income	49,732,206	(57,251,795)	1,349,296	27,902,451	(3,660,673)
Investment Income in Excess of Projected	26,566,684	(82,431,304)	(24,680,968)	1,256,448	(30,937,711)
Difference between Market Value and Actuarial Value	\$27,286,958	(\$46,655,574)	(\$57,911,576)	(\$41,462,606)	(\$50,354,947)

Source: Actuarial Valuation Report as of September 30, 2011, Gabriel Roeder Smith & Company, March 1, 2012.

**Investment Income on Assets of
Police and Firefighters' Retirement System**

	Fiscal Year Ended December 31,				
	<u>2007⁽¹⁾</u>	<u>2008⁽²⁾</u>	<u>2009⁽³⁾</u>	<u>2010⁽⁴⁾</u>	<u>2011⁽⁵⁾</u>
<u>PFRS</u>					
<i>Actuarial Value</i>	\$480,944,264	\$444,447,527	\$451,610,479	\$482,181,230	\$505,318,753
Assumed Rate of Return	7.75%	7.75%	7.75%	7.75%	7.75%
Projected Investment Income	36,776,587	36,742,436	33,859,276	35,084,552	37,328,063
Actual Rate of Return	14.80%	-4.80%	5.10%	6.30%	5.00%
<i>Market Value</i>	\$490,944,264	\$370,372,939	\$405,254,377	\$455,378,727	\$452,786,999
Actual Rate of Return	7.20%	-22.10%	13.90%	11.80%	-0.30%
Actual Investment Income	33,268,885	(106,847,706)	50,226,164	47,937,525	(1,534,127)
Investment Income in Excess of Projected	(3,507,702)	(143,590,142)	16,366,888	12,852,973	(38,862,190)
Difference between Market Value and Actuarial Value	\$ 10,000,000	(\$74,074,588)	(\$46,356,102)	(\$26,802,503)	(\$52,531,754)

Source: (1) 2008 Actuarial Report, Stanley Holcombe & Assoc., Inc., May 16, 2008.
(2) 2009 Actuarial Report, Stanley Holcombe & Assoc., Inc., June 3, 2009.
(3) 2010 Actuarial Report, Stanley Holcombe & Assoc., Inc., June 2, 2010.
(4) 2011 Actuarial Report, The Nyhart Company, Inc., June 8, 2011.
(5) 2012 Actuarial Report, The Nyhart Company, Inc., June 22, 2012.

Historically, investment returns for the Pension Plans have been better than those experienced during the past five (5) fiscal years. Set forth below is a table to reflect market value long-term rates of return on the assets of the Pension Plans.

Pension Plan Market Value Investment Returns

Historical Period	General Employees Retirement System ⁽¹⁾		Police and Firefighters' Retirement System ⁽²⁾	
	Average	CAGR	Average	CAGR
1-Year	-0.3%	-0.3%	-0.5%	-0.5%
3-Year	4.0	3.8	9.0	8.8
5-Year	2.5	1.9	2.5	1.5
10-Year	5.1	4.6	4.9	4.2
15-Year	6.4	5.8	6.7	6.0
20-Year	7.6	7.0	8.0	7.4

Source: City of Fort Lauderdale, Florida Department of Finance.

(1) As of September 30, 2011.

(2) As of December 31, 2011.

DEFINED BENEFIT PENSION PLANS

General Employees Retirement System

The GERS covers all City employees, except police and firefighters. Through collective bargaining with the general, supervisory and professional City employees, a new single-employer defined contribution pension plan was established for Teamster Union employees hired on or after October 1, 2007, Supervisory Union employees hired on or after November 7, 2007, and all other non-union employees hired on or after February 20, 2008. See "DEFINED CONTRIBUTION PENSION PLANS" herein. On March 4, 2008, the City Commission enacted Ordinance No. C-08-06, effectively closing the GERS to new entrants. One consequence of such closure is that the annual payment on the UAAL for the GERS will continue to increase as a percent of covered payroll, as such payroll decreases from year to year. See "DEFINED BENEFIT PENSION PLANS – General Employees Retirement System – Plan Description" herein.

Plan Amendments. Pursuant to Ordinance No. C-11-34 enacted by the City Commission on December 6, 2011, a Bonus Incentive Program (the "Bonus Program") was offered to members eligible for either early or normal retirement as of December 1, 2011. Eligible members were granted thirty (30) additional months of service for both benefit and eligibility purposes if, during the election period from December 7, 2011 through February 1, 2012, they elected to retire between December 14, 2011 and March 16, 2012. One hundred thirty-four (134) members of the GERS elected to retire under the Bonus Program. The impact of the Bonus Program reflects the replacement of twenty percent (20%) of the members of the GERS who retired under the program with promotions of the highest-paid remaining active plan members. The salaries of expected promoted members were increased by five percent (5%).

The only other changes to the GERS in the past five (5) years occurred in Fiscal Year 2008, when the plan was effectively closed to new entrants. In addition, the actuarial payroll growth assumption was changed from 3.25% to 0.0% in response to the closing of the plan to new entrants.

Plan Beneficiaries. The City's payroll for employees covered by the GERS applicable to September 30, 2011, the most recent actuarial valuation of the plan, was \$69,251,865, which amount would have been \$60,621,037 after taking into account the effects of the Bonus Program. The total City payroll as of September 30, 2011 was approximately \$163,807,900, which amount would have been \$155,177,100 after taking into account the effects of the Bonus Program. As of the valuation date, employee membership data related to the GERS for the past five (5) years was as follows:

Historical Schedule of GERS Beneficiaries

<u>Category of Beneficiary</u>	<u>Fiscal Year Ended September 30,</u>					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>	<u>2011⁽²⁾</u>
Retirees and beneficiaries currently receiving benefits	1,215	1,222	1,211	1,212	1,221	1,355
Terminated employees entitled to benefits but not yet receiving them	119	122	121	117	112	112
Fully, partially and non-vested active plan participants	1,437	1,338	1,280	1,227	1,169	1,035
Participants in DROP (as hereinafter defined)	38	30	27	32	37	22

Source: Actuarial Valuation Report as of September 30, 2011, Gabriel Roeder Smith & Company, March 1, 2012.

- (1) Represents amounts as of September 30, 2011, prior to effective date of the Bonus Program.
- (2) Represents amounts as of September 30, 2011, assuming the effects of the Bonus Program.

Plan Description. Under the vesting provisions of the GERS, employees are entitled to one hundred percent (100%) of normal retirement benefits after five (5) years of service. Employees who are terminated prior to vesting are entitled to a refund of employee contributions, plus interest at three percent (3%) per year. Employees are eligible to retire after thirty (30) years of service, regardless of age, or at age fifty-five (55), with five (5) years of service. Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (the "DROP"). Each participant of the GERS in the DROP has an account credited with benefits not received, plus interest. Participation in the DROP must end no later than thirty-six (36) months after normal retirement. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to one hundred (100%) of normal retirement benefits after ten (10) years of service, beginning at age sixty-five (65).

Employees contribute from four to six percent (4% to 6%) of their earnings to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of September 30 each year. For the Fiscal Years ended September 30, 2011 and 2010, the City's contribution rate, as a percentage of annual covered payroll, was 30.95% and 28.68%, respectively.

Set forth below are the Annual Required Contributions for the valuation dates from Fiscal Years 2006 through 2011, which were used to determine the Annual Required Contributions for Fiscal Years 2008

through 2013. The Annual Required Contribution for the Fiscal Year beginning October 1, 2012 is 46.73% of payroll, an increase of 13.98% from the Fiscal Year beginning October 1, 2011. The estimated dollar contribution is \$28.03 million next Fiscal Year, compared to \$22.37 million this Fiscal Year. The Annual Required Contribution for the Fiscal Year beginning October 1, 2012 was 37.25% of payroll, estimated to be \$24.93 million, prior to the effects from the Bonus Program.

**City of Fort Lauderdale, Florida
Annual Contributions to GERS**

Fiscal Year Ended (September 30)	City Contribution	Percent Contributed	Contribution as a Percent of Payroll			
			Normal Cost ⁽¹⁾	Expenses ⁽¹⁾	UAAL ⁽¹⁾	Total ⁽¹⁾
2008	\$16,025,608	100.00%	12.48%	0.62%	10.33%	23.43%
2009 ⁽²⁾	16,727,623	100.00	12.73	0.59	9.41	22.73
2009 ⁽³⁾	18,363,351	100.00	12.73	0.59	12.44	25.76
2010	19,387,067	100.00	13.17	0.59	14.92	28.68
2011	21,534,043	100.00	13.21	0.54	17.20	30.95
2012	22,369,549	100.00	13.32	0.52	18.91	32.75
2013 ⁽²⁾	24,934,306	100.00	14.12	0.60	22.53	37.25
2013 ⁽³⁾	28,033,782	100.00	13.91	0.67	32.15	46.73

Source: Actuarial Valuation Report as of September 30, 2011, Gabriel Roeder Smith & Company, March 1, 2012.

- (1) Amounts shown reflect the City's contribution as a percent of covered payroll for active members of the GERS only, excluding DROP members. The GERS has been closed to new members since 2007. As a result, the Annual Required Contribution will continue to increase as a percent of covered payroll, as such payroll decreases from year to year. See "DEFINED BENEFIT PENSION PLANS – General Employees Retirement System – Plan Amendments" herein.
- (2) Represents amounts applicable to the fiscal year prior to effects resulting from changes made to the provisions of the GERS. See "DEFINED BENEFIT PENSION PLANS – General Employees Retirement System – Plan Amendments" herein.
- (3) Represents amounts applicable to the fiscal year assuming effects resulting from changes made to the provisions of the GERS. See "DEFINED BENEFIT PENSION PLANS – General Employees Retirement System – Plan Amendments" herein.

Since the City contributed one hundred percent (100%) of the annual pension cost in each of the years indicated, there was no net pension obligation at the end of any year.

Funding Status. One of the effects from implementation of the Bonus Program is that it will result in an increase in the UAAL for the GERS of approximately \$17.54 million. Such increase is being amortized over five (5) years. After the five (5) year period, the City's Annual Required Contribution is expected to decrease by \$4.21 million.

Set forth below is a table reflecting the funding status of the GERS, based on the actuarial valuations performed as of the Fiscal Years ended September 30, 2006 through 2011, including the effects of changes made to the provisions of the GERS during certain Fiscal Years.

**General Employees Retirement System
Current Funding Status**

<u>Valuation Date 09/30</u>	<u>Gain (Loss)</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
2006	\$ 3,111,903	\$301,241,568	\$408,743,565	\$107,501,997	73.7%	\$64,239,370	167.3%
2007 ⁽¹⁾	6,224,383	327,741,369	430,025,194	102,283,825	76.2	69,102,372	148.0
2008 ⁽¹⁾	(12,696,085)	338,743,156	454,291,730	115,548,574	74.6	69,499,308	166.3
2009	(21,592,067)	345,239,176	482,099,968	136,860,792	71.6	71,547,932	191.3
2010	(9,398,503)	353,481,376	499,854,210	146,372,834	70.7	71,416,368	205.0
2011 ⁽²⁾	(18,218,973)	355,673,852	519,161,979	163,488,127	68.5	69,251,865	236.1
2011 ⁽³⁾	(18,218,973)	355,673,852	536,701,842	181,027,990	66.3	60,621,037	298.6

Source: Actuarial Valuation Report as of September 30, 2011, Gabriel Roeder Smith & Company, March 1, 2012.

- (1) Change made to plan did not impact amounts set forth in this table. See "DEFINED BENEFIT PENSION PLANS – General Employees Retirement System – Plan Amendments" herein.
- (2) Represents amounts as of September 30, 2011, prior to effective date of the Bonus Program.
- (3) Represents amounts as of September 30, 2011, assuming the effects of the Bonus Program.

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Present Resources and Expected Future Resources of GERS

As of September 30, 2011,

<u>Category of Resource</u>	<u>Prior to Bonus Program⁽¹⁾</u>	<u>After Bonus Program⁽²⁾</u>
Net assets available for benefits Actuarial Value	\$355,673,852	\$355,673,852
Actuarial present value of expected future City contributions		
For Normal Cost	66,502,552	61,859,080
For UAAL	<u>163,488,127</u>	<u>181,027,990</u>
Total	229,990,679	242,887,070
Actuarial present value of expected future Participant contributions	<u>32,422,229</u>	<u>30,379,413</u>
Total Present and Expected Future Resources	<u>\$618,086,760</u>	<u>\$628,940,335</u>

Source: Actuarial Valuation Report as of September 30, 2011, Gabriel Roeder Smith & Company, March 1, 2012.

- (1) Represents amounts as of September 30, 2011, prior to effective date of the Bonus Program.
(2) Represents amounts as of September 30, 2011, assuming the effects of the Bonus Program.

**Actuarial Present Value of Expected Future
Benefit Payments and Reserves of GERS**

As of September 30, 2011,

<u>Category of Payment</u>	<u>Prior to Bonus Program⁽¹⁾</u>	<u>After Bonus Program⁽²⁾</u>
To retired participants and beneficiaries	\$278,040,844	\$340,394,548
To vested terminated participants	15,305,008	15,305,008
To present active participants		
Allocated to service rendered prior to valuation date	225,816,127	181,002,286
Allocated to service likely to be rendered after valuation date	<u>98,924,781</u>	<u>92,238,493</u>
Total	324,740,908	273,240,779
Total Actuarial Present Value of Expected Future Benefit Payments	<u>\$618,086,760</u>	<u>\$628,940,335</u>

Source: Actuarial Valuation Report as of September 30, 2011, Gabriel Roeder Smith & Company, March 1, 2012.

- (1) Represents amounts as of September 30, 2011, prior to effective date of the Bonus Program.
(2) Represents amounts as of September 30, 2011, assuming the effects of the Bonus Program.

Plan Observations. As discussed in the Actuarial Valuation Report for the GERS as of September 30, 2011, prepared by Gabriel Roeder Smith & Company, dated March 1, 2012 (the "GERS Actuarial Report"), year-to-year differences between assumed experience and observed experience are inevitable in the operation of a defined benefit pension plan. Examples of favorable experience are: higher than anticipated member termination rates, higher than projected investment returns, a low incidence of disability and delayed retirement. Examples of unfavorable experience are: earlier than anticipated retirement, higher than projected pay increases, increases in longevity after retirement and decreases in the number of active members. Each annual actuarial valuation takes observed experience differences into account. If on net balance the differences are favorable, the UAAL is less than projected (an experience gain) otherwise it is more than projected (an experience loss).

As reported in the GERS Actuarial Report, observed experience during the Fiscal Year ended September 30, 2011 was in the aggregate less favorable than expected, resulting in an actuarial experience loss of \$18,218,973, compared to last year's loss of \$9,398,503. See "DEFINED BENEFIT PENSION PLANS – General Employees Retirement System – Funding Status" herein. The loss was mainly attributable to lower than expected investment earnings on the actuarial value of assets. The overall net loss has increased the required contribution by 2.54% of payroll.

The investment return for the year was (1.2%) based on market value and 1.5% based on the actuarial value of assets. The assumed rate of return is 7.75%. The funding progress indicators described in the GERS Actuarial Report indicate that the accrued obligations of the GERS, as measured by the entry age actuarial cost method, are 66.3% funded. Last year funding progress indicators showed the GERS to be 70.7% funded. Without the effects of the Bonus Program, the funded ratio of the GERS for the September 30, 2011 valuation was 68.5%.

As noted in the GERS Actuarial Report, under the asset smoothing method, investment gains and losses are recognized over five (5) years. As of September 30, 2011, the actuarial value of assets exceeded the market value by \$50,354,947. Once all the losses through September 30, 2011 are fully recognized in the actuarial asset value, the contribution rate will increase by roughly 7.0% of payroll, unless offsetting gains are experienced.

If market value had been the basis for the GERS valuation as of September 30, 2011, the City contribution rate would have been 53.75% and the funded ratio would have been 56.9% (compared to 62.4% last year). In the absence of other gains and losses, as noted in the GERS Actuarial Report, the City contribution rate should increase to that level over the next several years.

Police and Firefighters' Retirement System

The Police and Firefighters' Retirement System (the "PFRS") covers all of the City's police and firefighters. Participation in the PFRS is mandatory for all State certified police officers and firefighters employed by the City.

Plan Amendments. Effective October 1, 2005, the City created the City of Fort Lauderdale Firefighters Supplemental Share Plan (the "Firefighters' Share Plan"). The Firefighters' Share Plan is a defined contribution plan that was created to implement the provisions of Chapter 175, Florida Statutes, as amended, providing for use as retirement benefits by the City's firefighters of certain revenues distributed by the State from the collection of fire and casualty insurance premium taxes. The benefits provided by the Firefighters' Share Plan are in addition to the benefits provided under the PFRS. The Board of Trustees for the PFRS is responsible for the administration of the Firefighters' Share Plan.

Plan Beneficiaries. The City's payroll for employees covered by the PFRS applicable to December 31, 2011, the most recent actuarial valuation of the plan, was \$65,318,290. The total City payroll as of December 31, 2011 was approximately \$163,887,700. As of the valuation date, employee membership data related to the PFRS for the past five (5) years was as follows:

Historical Schedule of PFRS Beneficiaries

<u>Category of Beneficiary</u>	<u>Fiscal Year Ended December 31,</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Retirees and beneficiaries currently receiving benefits	876	913	860	865	869
Terminated employees entitled to benefits but not yet receiving them	25	20	18	16	18
Fully, partially and non-vested active plan participants	757	754	804	802	798
Participants in DROP	N/A*	N/A*	70	84	83

Source: 2012 Actuarial Report, The Nyhart Company, Inc., June 22, 2012 and City of Fort Lauderdale, Florida Department of Finance.

* No distinction is made between retirement and DROP participants.

Plan Description. Under the vesting provisions of the PFRS, employees are entitled to one hundred percent (100%) of normal retirement benefits after ten (10) years of service. Employees who are terminated prior to vesting are entitled to a refund of employee contributions, plus interest at three percent (3%) per year. Employees are eligible to retire after twenty (20) years of service, regardless of age, or at age fifty-five (55), with ten (10) years of service. Members who continue in employment after completion of twenty (20) years of service may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Each participant of the PFRS in the DROP has an account credited with benefits not received, plus interest. Participation in the DROP must end no later than sixty (60), seventy-two (72), eighty-four (84) or ninety-six (96) months after normal retirement, depending on years of service.

Employees hired on or before April 18, 2010 contribute eight percent (8%) of their earnings to the plan. Employees hired after April 18, 2010 contribute eight and one-half percent (8.5%) of their earnings to the plan. In addition, contributions in the amount of \$4,735,930 were received from the State from fire and casualty insurance premium taxes for the fiscal year ended December 31, 2011. These on-behalf payments were also recognized as tax revenues and public safety expenditures in the City's General Fund. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of December 31 each year. For the 2012 Fiscal Year, the City's and the State's contribution rates, as percentages of annual covered payroll, were 49.4% and 7.7%, respectively.

Contributions totaling \$40,623,591 (\$30,684,942 from the City, \$4,735,930 from the State and \$5,202,719 from employees covered under the PFRS) were made for the year ended December 31, 2011. Such contributions consisted of (a) \$17,987,790 in Normal Cost, (b) \$19,776,362 in amortization cost of the UAAL, (c) \$2,322,481 to the account for the Firefighters' Share Plan and (d) \$536,958 in noninvestment expenses. Set forth below is a table reflect contributions made to the PFRS for the fiscal years 2006 through 2011.

**City of Fort Lauderdale, Florida
Annual Contributions to PFRS**

<u>Fiscal Year Ended (December 31)</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution⁽¹⁾</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2006	\$22,786,472	\$20,472,413	\$4,359,435	108.9%	0%
2007	24,099,431	21,332,840	2,766,591	100.0	0
2008	21,627,937	19,146,573	3,000,946	102.4	0
2009	28,367,152	25,456,535	2,635,176	99.0	0 ⁽²⁾
2010	32,957,020	30,735,629	2,515,253	100.9	0 ⁽³⁾
2011	33,391,584	30,684,942	2,413,499	99.1	0 ⁽³⁾

Source: 2012 Actuarial Report, The Nyhart Company, Inc., June 22, 2012.

- (1) Beginning in fiscal year 2007, the State contribution reflected in the table is net of reserve account accumulation and the Firefighters' Share Plan amount. See "DEFINED BENEFIT PENSION PLANS – Police and Firefighters' Retirement System – Plan Amendments" herein.
- (2) The State contribution from fire and casualty insurance premium taxes pursuant to Chapter 175, Florida Statutes, as amended, was not received. The amount anticipated from such source of revenues of \$276,875 was increased with interest to July 1, 2011 and the resulting amount of \$292,075 was added to the City's fiscal year 2011 contribution requirement.
- (3) A portion of the State contribution from fire and casualty insurance premium taxes pursuant to Chapter 185, Florida Statutes, as amended, was not received. The shortfall, with interest, until the shortfall was paid, was added to the City's required contribution amount.

Set forth below is a table reflecting contributions made to the plan from various sources for fiscal years 2006 through 2011.

**City of Fort Lauderdale, Florida
Source of Various Contributions to PFRS**

<u>Fiscal Year Ended (December 31)</u>	<u>Employee Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Investment Income</u>	<u>Total</u>
2006	\$3,331,601	\$20,472,413	\$4,359,435	\$8,281,777	\$36,445,226
2007	3,596,451	21,332,840	5,204,949	7,919,695	38,053,935
2008	3,996,724	19,146,573	5,262,367	9,206,242	37,611,906
2009	4,264,471	25,456,535	4,409,900	6,092,184	40,223,090
2010	5,247,391	30,735,629	4,816,576	7,308,370	48,107,966
2011	5,202,719	30,684,942	4,735,930	10,441,009	51,064,600

Source: 2012 Actuarial Report, The Nyhart Company, Inc., June 22, 2012.

Funding Status. Set forth below is a table reflecting the funding status of the PFRS, based on the actuarial valuations performed as of the fiscal years ended December 31, 2006 through 2011.

**Police and Firefighters' Retirement System
Current Funding Status**

<u>Valuation Date 12/31</u>	<u>Cumulative Gain (Loss)</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
2006	(\$42,586,868)	\$428,277,172	\$557,142,628	\$128,865,456	76.9%	\$42,841,914	301%
2007	(13,047,370)	480,944,264	586,532,251	105,587,987	82.0	51,302,024	206
2008	(80,631,366)	444,447,527	614,037,958	169,590,431	72.4	52,825,828	321
2009	(114,183,329)	451,610,479	648,973,423	197,362,944	69.6	61,668,621	320
2010	(122,178,460)	482,181,230	674,229,902	192,048,672	71.5	62,571,391	307
2011	(145,694,902)	505,318,753	724,112,813	218,794,060	69.8	65,318,290	335

Source: 2012 Actuarial Report, The Nyhart Company, Inc., June 22, 2012.

Present Resources and Expected Future Resources of PFRS

As of December 31,

<u>Category of Resource</u>	<u>2010</u>	<u>2011</u>
Net assets available for benefits Actuarial Value	\$482,181,230	\$505,318,753
Actuarial present value of expected future City and State contributions		
For Normal Cost	106,243,049	103,306,725
For UAAL	<u>192,048,672</u>	<u>218,794,060</u>
Total	298,291,721	322,100,785
Actuarial present value of expected future Participant contributions	<u>43,298,905</u>	<u>43,082,223</u>
Total Present and Expected Future Resources	<u>\$823,771,856</u>	<u>\$870,501,761</u>

Source: 2012 Actuarial Report, The Nyhart Company, Inc., June 22, 2012

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**Actuarial Present Value of Expected Future
Benefit Payments and Reserves of PFRS**

As of December 31.

<u>Category of Payment</u>	<u>2010</u>	<u>2011</u>
To retired participants and beneficiaries	\$438,157,685	\$458,412,322
To vested terminated participants	4,231,879	6,925,119
To present active participants		
Allocated to service rendered prior to valuation date	231,840,338	258,775,372
Allocated to service likely to be rendered after valuation date	<u>149,541,954</u>	<u>146,388,948</u>
Total	381,382,292	405,164,320
Total Actuarial Present Value of Expected Future Benefit Payments	<u>\$823,771,856</u>	<u>\$870,501,761</u>

Source: 2012 Actuarial Report, The Nyhart Company, Inc., June 22, 2012.

Plan Observations. As discussed in the 2012 Actuarial Report for the PFRS, dated June 22, 2012, prepared by The Nyhart Company, Inc. (the "PFRS Actuarial Report"), the City's Annual Required Contribution has increased since 2001. The delayed recognition (due to Smoothing) of adverse asset returns for 2000, 2001 and 2002 increased the City's costs to the PFRS from 2002-2007. Costs for 2008 declined due to a favorable investment experience, revised actuarial assumptions and a change in the asset valuation method to the 20% write-up method. Under this method, the actuarial value of assets is equal to the expected value (using last years' actuarial value of assets, cash flow and valuation interest) plus or minus 20% of the difference between the expected actuarial value of assets and the market value of assets. The result cannot be greater than 120% of market value or less than 80% of market value. As of December 31, 2011, the actuarial value of assets was 112% of market value.

The costs of the PFRS for 2009 through 2012 increased primarily due to an unfavorable investment experience. Other factors produced some impact on the cost of the PFRS, but none were as significant as the impact created by the unfavorable investment experience. Such other factors included the following:

- There was a loss due to investment return on the assets of the PFRS in 2011, with a rate of return on the actuarial value of assets of 5.0%, compared with an expected return of 7.75%. Such loss increased costs by \$1,116,745 or 1.7% of covered payroll. The rate of return for the market value of assets of the PFRS in 2011 was (0.3%).
- There were 16 terminations, compared with 21.7 expected terminations. This lower number of terminations increased the UAAL of the PFRS by \$1,128,918 and the Annual Required Contribution by \$262,745 (0.2% of covered payroll).
- The addition of 28 new members increased the annual cost by \$534,400. However, the contribution rate decreased 0.3% as a percentage of covered payroll.

- There were no deaths of active members compared to 0.9 expected. There were 20 deaths among inactive members, compared to 17.0 expected. The increased number of deaths decreased the UAAL by \$1,989,603 and decreased the Annual Required Contribution by \$158,610 (0.3% of covered payroll).
- There were 14 retirements and DROP entries, compared to 31.7 expected. The lesser number of retirements and DROP entries decreased the UAAL by \$134,029 and decreased the Annual Required Contribution by \$86,042 (1.6% of covered payroll).
- Salaries for continuing active members increased by 6.58%, compared to an expected increase of 6.42%. This salary experience increased the UAAL by \$502,650 and the Annual Required Contribution by \$51,687. As a percentage of covered payroll, the Annual Required Contribution rate was unchanged as a result of salary increases.
- There were two disabilities, compared to 2.4 expected disabilities. The increase in disabilities increased the UAAL by \$271,322 and increased the Annual Required Contribution by \$24,196. However, as a percentage of covered payroll, the Annual Required Contribution rate was unchanged.
- The City's advance contribution of \$28,088,083 to the PFRS on December 15, 2011 reduced interest charges by \$1,758,431. Administrative expenses increased from \$471,000 to \$506,000. This item, along with data changes/corrections, increased costs by \$58,511.

DEFINED CONTRIBUTION PENSION PLANS

General

In addition to its two (2) defined benefit pension plans, the City has three (3) defined contribution pension plans: the General Employees Defined Contribution Plan, the General Employees Special Class Plan and the Non-classified Employees Retirement Plan. The benefit provisions and all other requirements of the City's defined contribution pension plans are established by ordinance enacted by the City Commission.

Plan Descriptions

General Employees Defined Contribution Plan. The General Employees Defined Contribution Plan is a single-employer defined contribution plan administered by the City. The plan covers all City employees hired on or after October 1, 2007, except police and firefighters. The City's 2011 Fiscal Year payroll for employees covered by the plan was approximately \$6,924,900. The total City payroll for the 2011 Fiscal Year was approximately \$163,807,900.

The City contribution requirement of nine percent (9%) on earnings of participants in the General Employees Defined Contribution Plan was paid on a biweekly basis and amounted to \$626,164 for the 2011 Fiscal Year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry.

General Employees Special Class Plan. The General Employees Special Class Plan is a single-employer defined contribution plan administered by the City. The plan is available to City employees, except police and firefighters, as an alternative to participation in the GERS. The City's 2011 Fiscal Year payroll for employees covered by the plan was approximately \$330,700. The total City payroll for the 2011 Fiscal Year was approximately \$163,807,900.

The City contribution requirement of 30.95% on earnings of participants in the General Employees Special Class Plan was paid on a biweekly basis and amounted to \$102,686 for the 2011 Fiscal Year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry.

Non-classified Employees Retirement Plan. The Non-classified Employees Retirement Plan is a single-employer defined contribution plan administered by the City. The plan covers certain non-classified City employees who have elected not to participate in the GERS. The City's 2011 Fiscal Year payroll for employees covered by the plan was approximately \$1,402,900. The total City payroll for the 2011 Fiscal Year was approximately \$163,807,900.

The City contribution requirement of 25.88% on earnings of participants in the Non-classified Employees Retirement Plan was paid on a biweekly basis and amounted to \$380,152 for the 2011 Fiscal Year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry.

ADDITIONAL INFORMATION

For detailed information relating to the actuarial methods and assumptions used to determine annual required contributions for the Pension Plans, see "APPENDIX C - Basic Financial Statements of the City for the Fiscal Year ended September 30, 2011" and, in particular, the subsection entitled "Actuarial Methods and Assumptions" in Note 14 of the Notes to the Financial Statements. In addition, more detailed information relating to the GERS may be obtained from the GERS Actuarial Report and relating to the PFRS from the PFRS Actuarial Report, from the Experience Studies that have been prepared for the respective retirement plans and from the financial statements prepared for the respective plans. Copies of such statements and reports may be obtained from the City's Department of Finance.

[Remainder of page intentionally left blank]

APPENDIX C

Basic Financial Statements of the City

for the Fiscal Year Ended September 30, 2011

APPENDIX D

The Resolution

APPENDIX E

Proposed Form of Opinion of Bond Counsel

APPENDIX F

Proposed Form of Opinion of Disclosure Counsel

Date of Delivery

City Commission of the
City of Fort Lauderdale, Florida
100 North Andrews Avenue
Fort Lauderdale, Florida 33301

\$ _____
City of Fort Lauderdale, Florida
Taxable Special Obligation Bonds, Series 2012
(Pension Funding Project)

Ladies and Gentlemen:

We have served as Disclosure Counsel in connection with the issuance by the City of Fort Lauderdale, Florida (the "City") of its \$ _____ in aggregate principal amount of Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project) (the "Series 2012 Bonds"). The Series 2012 Bonds are being issued with the terms, for the purposes and subject to the conditions set forth in Resolution No. 12-____ adopted by the City Commission of the City (the "City Commission") on September 5, 2012 (the "Resolution"), as described in the Official Statement dated September ___, 2012 relating to the Series 2012 Bonds (the "Official Statement"). All capitalized terms used in this opinion that are not defined herein and not normally capitalized shall have the meaning ascribed to such terms in the Official Statement.

In connection with the issuance and delivery of this opinion, we have considered such matters of law and fact and have relied upon such certificates and other information furnished to us as we have deemed appropriate. We are not expressing any opinion or views herein on the authorization, issuance, delivery or validity of the Series 2012 Bonds. To the extent that the opinions expressed herein relate to or are dependent upon the determination that the proceedings and actions related to the authorization, issuance and sale of the Series 2012 Bonds are lawful and valid under the laws of the State of Florida, or that the Series 2012 Bonds are valid and binding obligations of the City enforceable in accordance with their terms, or that interest on the Series 2012 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes, we understand that you are relying upon the opinions delivered on the date hereof of Squire Sanders (US) LLP ("Bond Counsel") and no opinion is expressed herein as to such matters.

The scope of our engagement with respect to the issuance of the Series 2012 Bonds was not to establish factual matters and, because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Official Statement, we are not passing on and do not assume any responsibility for, except as set forth in the last sentence of this paragraph, the accuracy or completeness of the contents of the Official Statement (including, without limitation, its appendices) and we make no representation that we have independently verified the accuracy, completeness or fairness of such contents. As your counsel, we have participated in the preparation of the Official Statement and in discussions and conferences with participants involved in the issuance of the Series 2012 Bonds, including, without limitation, officials of the City, representatives of Bond Counsel, the Financial Advisors, the Underwriters and Greenspoon Marder, P.A., Fort Lauderdale, Florida, counsel to the Underwriters, in which the contents of the Official Statement and related matters were discussed. Solely on the basis of our participation in the preparation of the Official Statement, our examination of certificates, documents, instruments and records relating to the City and the issuance of the Series 2012 Bonds and the above-mentioned discussions, nothing

has come to our attention which would lead us to believe that the Official Statement (except for the financial, statistical and demographic data and information in the Official Statement, including, without limitation, the appendices thereto, and the information relating to DTC, its operations and the book-entry only system, as to which no opinion is expressed) contains an untrue statement of a material fact or omits to state a material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are also of the opinion that the continuing disclosure undertaking set forth in the Resolution and in the Continuing Disclosure Commitment of the City dated October ____, 2012 and delivered at the closing for the Series 2012 Bonds, satisfies the requirements set forth in Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission, as such requirements apply to the issuance of the Series 2012 Bonds.

In reaching the conclusions expressed herein we have, with your concurrence, assumed and relied on, without independent verification, the genuineness and authenticity of all signatures not witnessed by us, the authenticity of all documents, records, instruments and letters submitted to us as originals, the conformity to originals of all items submitted to us as certified or photostatic copies, the legal capacity and authority of the persons who executed such items, the accuracy of all warranties, representations and statements of fact contained in the documents and instruments submitted to us, and the continuing accuracy on this date of any certificates or other items supplied to us regarding the matters addressed herein. As to questions of fact material to our opinions, we have relied upon and assumed the correctness of the public records and certificates by, and representations of, public officials and other officers, and representatives of the parties to this transaction. We have no actual knowledge of any factual information that would lead us to form a legal opinion that the public records or certificates which we have relied upon contain any untrue statement of a material fact.

The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation. We assume no obligation to supplement this opinion if any applicable laws change after the date hereof or if we become aware of any facts that might change the opinions expressed herein after the date hereof. The opinions expressed herein represent our professional judgment, are not a guarantee of result, and are limited to the laws of the State of Florida and the United States of America.

The opinions expressed herein are furnished by us as Disclosure Counsel to our client, the City, and solely for the use of the addressee named above. Such opinions shall not extend to, and may not be relied upon by, any other persons, firms, or corporations without our express prior written consent. The opinions expressed herein are limited to the matters set forth herein, and to the documents referred to herein, and do not extend to any other agreements, documents or instruments executed by the City. No other opinion should be inferred beyond the matters expressly stated herein.

Respectfully submitted,

LAW OFFICES OF STEVE E. BULLOCK, P.A.

APPENDIX G

Form of Continuing Disclosure Commitment

CONTINUING DISCLOSURE COMMITMENT

This CONTINUING DISCLOSURE COMMITMENT dated as of October ___, 2012 is executed and delivered by the CITY OF FORT LAUDERDALE, FLORIDA (the "City"), a municipal corporation and public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Florida in connection with the issuance of \$_____ in aggregate principal amount of City of Fort Lauderdale, Florida Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project) (the "Series 2012 Bonds"). The Series 2012 Bonds are being issued pursuant to Resolution No. 12-___ adopted by the City Commission of the City (the "City Commission") on September 5, 2012 (the "Resolution"). The City covenants and agrees as follows:

SECTION 1. Purpose of Disclosure Commitment. This Disclosure Commitment is being executed and delivered by the City in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC"). This Disclosure Commitment, together with Section 609 of the Resolution (collectively, the "Disclosure Agreement") shall constitute the continuing disclosure agreement of the City in accordance with the requirements of the Rule for the benefit of the Beneficial Owners.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Commitment, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Commitment.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2012 Bonds (including persons holding Series 2012 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2012 Bonds for federal income tax purposes.

"Business Day" shall mean any day other than a Saturday, Sunday or a day when banks in the City of New York, New York, or in the City of Fort Lauderdale, Florida, or in the city in which the principal offices of the Bond Registrar are required or authorized by law to be closed or on which the New York Stock Exchange is closed.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor or alternate Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Dissemination Agent from the performance of its obligations under the Disclosure Agreement.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Commitment.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2012 Bonds required to comply with the Rule in connection with the offering of the Series 2012 Bonds.

“Repository” shall mean any municipal securities information repository approved from time to time by the SEC, or otherwise established by law or regulation, where information is required to be filed in accordance with the Rule and initially shall constitute the entity set forth on Exhibit A of this Disclosure Commitment.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the 243rd day following the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2012, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Commitment (provided, however, that the information referred to in Section 4(b) may be provided no later than September 1 of each year, commencing September 1, 2013 with respect to the report for the 2011-2012 Fiscal Year). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Commitment; provided, however, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than ten (10) Business Days prior to the date the Annual Report is to be filed with each Repository, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a) of this Section, or if the City shall fail to provide the Annual Report to the Dissemination Agent in time for the Dissemination Agent to deliver the Annual Report to the Repository by the date required in subsection (a) of this Section, the City or the Dissemination Agent, as applicable, shall send a notice to each Repository in substantially the form attached as Exhibit B to this Disclosure Commitment.

(c) In addition to filing the notice required by subsection (b) of this Section, as applicable, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository and verify the filing specifications of such Repository; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, which may be a part of the City's comprehensive audited financial report. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement for the Series 2012 Bonds, if available, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent such information is not otherwise included as part of the Annual Report, updated information from that set forth in the Official Statement for the Series 2012 Bonds under the caption "PLEDGED FUNDS – Designated Revenues Collections," "PLEDGED FUNDS – Non-Ad Valorem Revenues Collections," the annual cost and contribution information under the caption "GASB STATEMENT NO. 45," the following tables under the caption "APPENDIX B – DEFINED BENEFIT PENSION PLANS – General Employees Retirement System:" "Historical Schedule of GERS Beneficiaries," "Annual Contributions to GERS," and "General Employees Retirement System Current Funding Status," the following tables under the caption "APPENDIX B – DEFINED BENEFIT PENSION PLANS – Police and Firefighters' Retirement System:" "Historical Schedule of PFRS Beneficiaries," "Annual Contributions to PFRS," "Source of Various Contributions to PFRS," and "Police and Firefighters' Retirement System Current Funding Status."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each Repository or to the SEC. If the document included by reference is a final official statement, such final official statement must be available in electronic format from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2012 Bonds within ten (10) Business Days of the occurrence of the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties.
5. substitution of the credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;
7. modifications to rights of Bondholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Series 2012 Bonds, if material;
11. rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;

Note: for the purposes of the event identified in this subsection 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional Bond Registrar, Paying Agent or trustee or the change of name of a Bond Registrar, Paying Agent or trustee, if material.

(b) Notice to the Dissemination Agent of any Listed Event shall be in writing. Such notice shall (i) identify the Listed Event that has occurred; (ii) include the text of the disclosure that the City desires to make; (iii) contain the written authorization of the City for the Dissemination Agent to disseminate such information, and (iv) identify the date the City desires the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) Business Day after the occurrence of the Listed Event).

(c) The Dissemination Agent is not obligated to notify the City of an event that may constitute a Listed Event. In the event the Dissemination Agent so notifies the City, the City shall,

within two (2) Business Days of receipt of such notice (but in any event not later than the tenth (10th) Business Day after the occurrence of the Listed Event, if the City determines that a Listed Event has occurred), instruct the Dissemination Agent that a Listed Event either (i) has not occurred and no filing is to be made or (ii) has occurred and the Dissemination Agent shall be provided notice thereof in the manner provided in Section 5(b).

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Agreement shall remain in effect only for such period that the Series 2012 Bonds are outstanding in accordance with their terms and the terms of the Resolution and the City remains an obligated person with respect to the Series 2012 Bonds within the meaning of the Rule. The obligation of the City to provide the Annual Report and notices of Listed Events shall terminate if and when the City no longer remains such an obligated person. The Disclosure Agreement also shall terminate upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the City may amend the Disclosure Agreement, and non-compliance with any provision of the Disclosure Agreement may be waived, provided the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) hereof (unless the amendment or waiver is necessary or appropriate for the City to achieve compliance with any applicable federal law or rule, or to cure any ambiguity, inconsistency, formal defect or omission in the provisions of the Disclosure Agreement), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2012 Bonds, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2012 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2012 Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Commitment or any other means of communication, or including any other information in any

Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Remedy for Breach. The Disclosure Agreement shall be solely for the benefit of the Beneficial Owners from time to time of the Series 2012 Bonds. The exclusive remedy for any breach of the Disclosure Agreement by the City shall be limited, to the extent permitted by law, to a right of Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under the Disclosure Agreement. Any holder or beneficial owner may exercise individually any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Notwithstanding any other provisions of the Resolution or the Disclosure Agreement, any failure by the City to comply with any provision of the Disclosure Agreement shall not constitute a default under the Series 2012 Bonds or under the Resolution.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The services provided by the Dissemination Agent under or pursuant to the Disclosure Agreement shall solely relate to the execution of instructions received by the Dissemination Agent from the City and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). The Dissemination Agent shall not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product," as such terms are defined in Dodd-Frank, and nothing in the Disclosure Agreement shall be interpreted to the contrary.

(b) For purposes of satisfying the reporting requirements of the Disclosure Agreement, the City has delegated to the Dissemination Agent the duties, functions and responsibilities of disclosing information undertaken by the City in the Disclosure Agreement. The City may, from time to time, appoint or engage an alternate or substitute Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor, alternate or substitute Dissemination Agent. The Dissemination Agent (other than the City) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Agreement.

(c) Any information received by the Dissemination Agent before 6:00 p.m. Eastern time on any Business Day that it is required to file with the MSRB pursuant to the terms of the Disclosure Agreement will be filed by the Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same Business Day; provided, however, the Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event, provided that the Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(d) The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The

obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2012 Bonds.

SECTION 11. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the City contained in the Disclosure Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the City contained in the Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the City in other than that person's official capacity.

SECTION 12. Obligated Persons. If any person, other than the City, becomes an "obligated person" with respect to the Series 2012 Bonds within the meaning of the Rule, the City shall use its best efforts to require such "obligated person" to comply with all provisions of the Rule applicable to such "obligated person."

SECTION 13. Electronic Filing. Any filing under the Disclosure Agreement with a Repository shall be made in compliance with the formal rules, notices or releases for such filings, as established by the SEC or the MSRB and, until established otherwise by such rules, notices or releases, any filing under the Disclosure Agreement shall be made electronically at <http://emma.msrb.org/> in accordance with the procedures of the MSRB for such filings.

SECTION 14. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 15. Severability. In case any section or provision of the Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Headings. The headings preceding the text of the sections of this Disclosure Commitment are solely for convenience of reference and shall not affect the meaning, construction or effect of any of the provisions of the Disclosure Agreement.

[Signature on following page]

IN WITNESS WHEREOF, the City has caused this Disclosure Commitment to be executed by its duly authorized officer and delivered to the Participating Underwriter in connection with the original issuance and delivery of the Series 2012 Bonds, all as of the date set forth above, and the Beneficial Owners and Holders of the Series 2012 Bonds from time to time shall be deemed to have accepted the Disclosure Agreement, as contained in Section 609 of the Resolution and further described and specified herein, in accordance with the Rule.

CITY OF FORT LAUDERDALE, FLORIDA

By: _____
DOUGLAS R. WOOD
Director of Finance

EXHIBIT A

Municipal Securities Information Repositories approved by the United States Securities and Exchange Commission:

Municipal Securities Rulemaking Board:
<http://emma.msrb.org/>

A list of names and addresses of all designated Municipal Securities Information Repositories as of any point in time is available by visiting the SEC's website at <http://www.sec.gov/info/municipal.shtml>.

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Fort Lauderdale, Florida

Name of Bond Issue: Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project) (the "Series 2012 Bonds")

Date of Issuance: October __, 2012

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the Series 2012 Bonds as required by Section 609 of the Resolution adopted by the City Commission of the City in connection with the issuance of the Series 2012 Bonds. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

[Dissemination Agent]

By: _____
Name:
Title: